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Vol. III

TRANSCRIPT OF RECORD

GOVERNMENT'S EXHIBITS

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1935

No. 268

THE SUGAR INSTITUTE, INC., THE AMERICAN SUGAR REFINING COMPANY, MARGARET A. JAMISON, ET AL., APPELLANTS

vs.

THE UNITED STATES OF AMERICA

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

FILED JULY 22, 1935

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1951 *Government Exhibits 1–6, Inclusive*

Exhibits 1–6, inclusive (filed with the Clerk of the Supreme Court in lieu of printing), are annual reports of American containing statistical charts compiled from data supplied by Willett and Gary.

1952 *Government Exhibit 9*

Exhibit 9 (filed with the Clerk of the Supreme Court in lieu of printing) is a report of the United States Tariff Commission to the President containing statistical charts compiled from data supplied by Willett and Gray.

1953 *Government Exhibit 28*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 18, 1929.

To New York and Philadelphia Refiners

Subject: Private charters

GENTLEMEN: Owing to an outstanding contract between the Hedger Transportation Company and a brokerage firm, I am not satisfied that rates quoted by this Company, even when arranged directly between refiner and carrier, are not subject to participation by broker, buyer, or warehouseman.

You are requested not to make any shipments by the Hedger Transportation Company until this matter can be cleared up to the satisfaction of the Institute.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

1954 *Government Exhibit 29*

HEDGER TRANSPORTATION COMPANY, INCORPORATED,
25 Broadway, New York, November 12, 1929.

THE SUGAR INSTITUTE, INCORPORATED,
129 Front Street, New York, N. Y.

GENTLEMEN: We have advices to the effect that you have *issued orders to the members of your Association to refrain from making any shipments via our Line.*[1] We would appreciate having from you full details concerning this matter.

Very truly yours,

HEDGER TRANSPORTATION COMPANY, INC.
W. E. HEDGER, *President.*

[1] All italics in the printed exhibits, unless otherwise stated, represent underscoring supplied by counsel before the exhibits were offered in evidence. Such underscoring was done with the consent of the trial judge and for the purpose of calling attention to evidence regarded by counsel as being particularly significant.

1955 *Government Exhibit 30*

SULLIVAN & CROMWELL,
(39 rue Cambon, Paris),
48 Wall Street, New York, New York, November 27, 1929.

Mr. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR SIR: We are returning herewith the letter of Hedger Transportation Company, Inc., to you dated November 12, 1929, together with your file concerning the matter. We are also enclosing herewith a draft of reply which we suggest you send.

Very truly yours,

SULLIVAN & CROMWELL.

1956 *Government Exhibit 31*

NOVEMBER 29, 1929.

Mr. W. E. HEDGER,
Hedger Transportation Company,
25 Broadway, New York, N. Y.

DEAR SIR: We have your letter of November 12, 1929. Pursuant to the effort of The Institute to prevent discriminatory practices in the sugar business, it has adopted resolutions recommending that before shipping sugar refiners should be satisfied that no broker is participating in the transportation rate.

We were advised that there was outstanding an arrangement between your Company and Lowry, providing that Lowry should receive a commission on all sugars shipped on your line. Accordingly, we advised New York and Philadelphia refiners that we were not satisfied that your rates were not subject to participation by a broker. If satisfied that your rates are not subject to such participation, The Institute will have no objection whatever to the use of your line.

We trust that this is the information you desire.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Executive Vice Secretary.

1957 *Government Exhibit 32*

(Letterhead of The Sugar Institute, Inc.)

NEW YORK, *May 23rd, 1928.*

To all Members of the Sugar Institute:

Subject: Private pool cargoes.

GENTLEMEN: The attention of the Executive Secretary has been called to the practice of chartering private steamers, at a rate lower

than the published freight tariff and the allocation of a portion of the space to certain selected buyers whose sugar is thus delivered at the private charter rate.

There can be no objection to refiners getting their own sugar to market in the cheapest way available, but the Executive Secretary is inclined to think that the allocation of such space to particular buyers amounts to the delivery of sugar at a price not open to all and is, therefore, discrimination within the meaning of the Code of Ethics.

Before making any ruling on the subject, the Executive Secretary would like to have the views of the Members of the Institute.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Institute files.)

1958 *Government Exhibit 33*

APRIL 5, 1929.

GEN. C. G. EDGAR,
W. H. EDGAR & SON,
Detroit, Mich.

MY DEAR GENERAL: At our Executive Committee meeting yesterday a *discussion took place as to the probable selling rates that would be applied to sugars moving* by *chartered boats* to Syracuse, Buffalo, Rochester, Cleveland, Toledo, Duluth, Milwaukee, Chicago, and *Green Bay* with the opening of water transportation.

Inasmuch as you control a substantial amount of business that will move to these points, will you favor us with the *rates you will quote* and bill to these points (a) on direct shipments and (b) on deliveries from consignment, and also tell us whether you contemplate renting any of these boats, either in total or selling space on them, for account of customers at any other than rates quoted, and will your quoted rates apply whether these sugars are handled by you as a broker or through your affiliated concerns.

Will you further state that such rates as you quote will be continued until further notice, and advise the Institute by wire in the event of any change?

We will appreciate your cooperation in this matter and a reply at your earliest convenience.

Very truly yours,

_____ _____,
Executive Vice Secretary.

1959 *Government Exhibit 34*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 29, 1929.

LEVY-WARD GROCER COMPANY,
401-403 S. St. Joseph Street, South Bend, Ind.

GENTLEMEN: I have your letter of April 25th concerning the irregularity of prices in your vicinity.

This situation has been brought about by the shipment of sugars under *private charters* by all-water routes through the New York State Barge Canal.

These all-water routes are not subject to the Interstate Commerce Commission and many of them have no published tariff rates. Under these circumstances, either a broker or a customer may hire some of these boats and then buy a cargo of sugar f. o. b. New York and take it where he pleases. The refiner selling has no control over the sugar after he sells it at his New York list price and puts it on the barge at customer's request.

The open rates now announced by some of the beet companies and refiners are merely an attempt to meet the competitive situation thus created. Sugar was being delivered at Canal and Lake Ports under this system of private charters in considerable quantities before these open announcements were made.

The Sugar Institute is fully alive to the unsatisfactory condition resulting and is giving the problem very earnest and serious consideration. The fact that the quantity of sugar is limited by the capacity of these barges, and that only the Canal and Lake Ports are able to get the advantage (there being no through rates based on these charters) enables some buyers at some places to get their sugar at a discriminatory price. The fact that in most cases the terms of the charters are known only to the parties interested and not to the refiner who sells his sugar in New York, makes the delivery price at the destination a secret price and not an open one.

1960 Both of these results are contrary to the Code of Ethics and to the desire of the refiners involved. If you can suggest any practicable means of remedying this situation, such suggestion will be very welcome and will receive our best consideration.

Very truly yours,

Executive Secretary.

1961 *Government Exhibit 35*

[Postal Telegraph]

NEW YORK, N. Y., *Apr. 29, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

American announces to trade in connection with our announcement of April twenty-third naming ruling freight basis of forty

cents on bags and forty-two point three cents in barrels, cases, and containers at Milwaukee-Chicago points in Chicago switching district, Chicago Heights and Gary. We desire to amplify said notice so as to provide that effective immediately, and on new
1962 business only we will sell our sugar on delivered prices in those markets and will not accept any orders for delivery F. O. B. our refineries for customers located in those markets Stop. This delivered price made up of our seaboard base price for refined plus rates stated which include tare will apply regardless of route of movement and on deliveries from consigned stock Stop. Otherwise said notice of April twenty-third to remain effective.

THE SUGAR INSTITUTE.

2:55 P.

1962 *Government Exhibit 36*

[Postal Telegraph]

N. Y. C., N. Y., *May 1, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.:

Arbuckle announces changes in quoted transportation rates as follows: Albany, bags, eighteen point six barrels, cases, containers, nineteen point six; Schenectady, twenty-two point two and twenty-three point four; Utica, twenty-five point eight and twenty-seven point two; Rome, twenty-six point three and twenty-seven point eight; Lockport, thirty-three and thirty-four point nine; Niagara Falls, thirty-three and thirty-four point nine; Toledo, forty-two point three and forty-four point seven; Duluth, fifty-one and fifty-three point nine. Rates include tare are applicable irrespective of routing and supersede F. O. B. New York quotation to market
1964 mentioned Stop. Referring to announcement of April thirtieth change in rates, Greenbay bags, fifty-six point two; barrels, cases, and containers, fifty-nine point four Stop. Rates quoted to Chicago, viz, fifty-one and fifty-three point nine, also apply at Hammond, Gary, Chicago Heights Stop. Colonial announces effective immediately on new business advance freight selling basis to forty-nine one half per hundred pounds to Chicago, Chicago switching district, Chicago Heights, Gary, Milwaukee usual; tare to be added for arriving at delivered price to those markets.

THE SUGAR INSTITUTE.

2 P. M.

1965 *Government Exhibit 37*

[Postal Telegraph]

NEW YORK, N. Y., *April 29, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.

American announces to trade effective immediately but on new business only will apply delivered prices on all sugars sold for deliv-

ery business only will apply. Delivered price will be made up of our seaboard base price for refined sugar plus rates shown below to which should be added our usual tare. Will continue to prepay all
1966 freight according to our present custom and add our ruling freight basis constructed as herein provided to our base price Stop. With inauguration, this system will not accept any orders for delivery f. o. b. our refineries for customers located in these markets. Our delivered price will apply regardless of route of movement and we will protect such rates over all rail routes selling basis above provided, will also apply on deliveries from consigned stock
1967 where we carry such stock Stop. The markets involved as well as rates which will be used to construct our ruling freight basis and our delivered price, usual tare to be added, are following: Syracuse, twenty-seven cents; Rochester, twenty-eight one-half; Buffalo, thirty-two; Cleveland, thirty-six; Detroit, thirty-nine; Greenbay, fifty-eight one-half; Cincinnati, forty-four Stop. Under no circumstances will such rates apply on sugar billed to such points which is reconsigned, diverted or reshipped to defeat our selling basis at other points.

THE SUGAR INSTITUTE.

11:58 a.

1968 *Government Exhibit 38*

[Postal Telegraph]

N. Y. C., N. Y., *April 30, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.

Arbuckle announces changes in quoted transportation rates as follows: Syracuse, bags, twenty-seven point eight; barrels, cases, and containers, twenty-nine point four; Rochester, twenty-nine point four and thirty-one; Buffalo, thirty-three and thirty-four point nine; Cleveland, thirty-seven point one and thirty-nine point two; Detroit, Forty point two and forty-two point five; Greenbay, fifty-nine point three and sixty-two point six; Cincinnati, forty-five point three and forty-seven point nine; Chicago, fifty-one and fifty-three point nine;
Milwaukee, same as Chicago stop. These rates include tare
1969 are applicable irrespective of routing and supersede F. O. B. New York quotations to markets mentioned.

THE SUGAR INSTITUTE.

9:35 a. m.

1970 *Government Exhibit 39*

[Postal Telegraph]

NEW YORK, N. Y., *April 30, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.

Federal announces quote effective on new business in markets which can be served via river, canal and or Great Lakes even if part of

movement is by rail we will quote only delivered prices based on our price of sugar at refinery plus freight applications per examples listed hereunder stop. We will bill at these delivered prices allowing customer to ship all rail and when remitting actual freight
1971 paid may be deducted only when accompanied by carriers paid expense bill stop. These delivered prices will also apply on deliveries ex consignments where we carry such stock stop. We will not accept any orders for delivery f. o. b. our refinery or New York intended for shipment to the above markets neither will we accept orders intended for reshipment from any point to markets mentioned above unquote announcement lists points and freight applications same as Arbuckle, Pennsylvania, and in addition quote Utica
1972 twenty-five point eight bags twenty-seven point two barrels, Albany twenty point one bags twenty-one point two barrels Rome twenty-six point three bags twenty-seven point eight barrels, Lockport thirty-three bags thirty-four point nine barrels, Schenectady twenty-two point two bags twenty-three point four barrels, Duluth fifty-one bags fifty-three point nine barrels, Toledo forty-three point three bags forty-five point eight barrels; other quotations on application unquote.

THE SUGAR INSTITUTE.

4:30 p. m.

1973 *Government Exhibit 40*

[Postal Telegraph]

N. Y., N. Y., *May 1, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.:

Federal announces following changes of freight applications: Greenbay, fifty-six point two bags, fifty-nine point four barrels and containers; Albany, eighteen point six, six nineteen point six; Toledo forty-two point three, forty-four point seven.

THE SUGAR INSTITUTE.

10:55 a. m.

1974 *Government Exhibit 41*

[Postal Telegraph]

N. Y. C., N. Y., *April 30, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.:

Godchaux announces quote effective immediately for new business we will use for sugar sold in Cleveland thirty-six cent rate; Detroit, thirty-nine cents; Cincinnati, forty-four cents as our basis of actual freight rate for arriving at our prepaid freight basis which will be added to our F. O. B. refiner price for a delivered cost to those cities stop. We reserving to ourselves privilege of routing as don't contemplate selling sugars shipment to Cleveland or Detroit at above-

mentioned rates unless buyer accepts actual barge movement or in-transit barge or ex mounds unquote Savannah announces quote effective May first Savannah's rate Jacksonville, Florida, twenty cents plus repay unquote.

THE SUGAR INSTITUTE.

2 p. m.

1975 *Government Exhibit 42*

[Postal Telegraph]

N. Y. C., N. Y., *May 1, 1929.*

MR. W. H. EDGAR AND SON,
Detroit, Mich.:

McCahan announces, effective immediately, on new business until further notice on direct shipments and deliveries from consignments where available at the cities listed below. We shall apply prepaid freight rates indicated Schenectady: Bags, two two point two; other packages, two three point four; Utica, two five eight and two seven two; Rome, two six three and two seven eight; Syracuse, two seven eight and two nine four; Rochester, two nine four and three one naught; Buffalo, three three naught and three four nine; Lockport, three three naught and three four nine; Cleveland, three seven one and three nine two; Toledo, four two three and four four seven;
Cincinnati, four five three and four seven nine; Detroit,
1976 four naught two and four two five; Hammond, five one naught and five three nine; Gary, five one naught and five three nine; Chicago Heights, five one naught [illegible]ve three nine; Chicago, five one naught and five three nine; [illegible]lwaukee, five one naught and five three nine; Green Bay, five six two and five nine four. The addition of above prepaid freight rates to our basic price will constitute our delivered price at each corresponding city which will supersede f. o. b. Philadelphia quotation irrespective of route over which shipment has moved. Stop. Godchaux announces, effective immediately, new business will use for sugar sold Toledo forty-one cent rate Chicago and switching area Milwaukee forty-nine one-half cents rate as our basis of actual freight rate for arriving at our prepaid freight basis, which will be added to our f. o. b. refiners' price for delivered cost to these cities. Stop. American
announces, effective immediately, on new business advance
1977 freight selling basis in Milwaukee and Chicago and points in Chicago switching district, Chicago Heights, and Gary to forty nine point five to which will be added usual tare. This basis will be used to construct delivered price those markets in lieu of rates in notice of April twenty-inth. Stop. Colonial announces, effective on new business, only ruling freight basis to Cincinnati will be forty-four cents per hundred pounds. Usual tare to be added. Stop. All above announcements dated April thirtieth.

THE SUGAR INSTITUTE.

9:40 a. m.

1978 *Government Exhibit 43*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 30, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.:

National announces effective at once on new business will apply following freight rates on direct shipments and on deliveries from consignment at points where we carry stocks on direct shipments these rates will apply irrespective of whether shipment moves via all-rail, rail-and-water, or all-water routing: Schenectady, twenty-one and one-half cents; Albany, eighteen; Utica, twenty-five; Rome, twenty-five one-half; Syracuse, twenty-seven; Rochester, twenty-eight one-half; Buffalo, thirty-two; Cleveland, thirty-six; Detroit, thirty-nine; Toledo, forty-one; Cincinnati, forty-four; Green Bay, fifty-four one-half; Chicago and Milwaukee, forty-nine half. These rates will apply only on sugars actually delivered at points listed and will not apply on any sugars reconsigned to points beyond or otherwise diverted stop. Freight will be prepaid by refiner an invoicing rendered at our regular prepaid basis corresponding
1979 to actual freight rates herein indicated. Refiner will require from transportation companies record of delivery on all direct shipments moving to points at which these rates applicable. No delivery f. o. b. refinery for freight-collect shipment will be made to these points.

THE SUGAR INSTITUTE.

2:25 p. m.

1980 *Government Exhibit 44*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 30, 1929.*

Mr. W. H EDGAR AND SON,
Detroit, Mich.:

Pennsylvania announces quote effective immediately on new business we will quote following markets at delivered prices only price quoted will be our basis price plus following rates which include tare unquote. Points and rates quoted are same as Arbuckles announcement today already wired.

THE SUGAR INSTITUTE.

12:45 p. m.

1981 *Government Exhibit 45*

[Postal Telegraph]

NEW YORK, N. Y., *May 1, 1929.*

W. H. EDGAR & SON,
Detroit, Mich.:

Correcting Pennsylvania's announcement today supplementing announcement of April twenty-third should read quote will apply Philadelphia lake and rail rates to St. Paul on direct shipment, etc.

THE SUGAR INSTITUTE.

3:57 p. m.

1982 *Government Exhibit 46*

[Postal Telegraph]

NEW YORK, N. Y., *May 1, 1929.*

W. H. EDGAR & SON,
Detroit, Mich.:

Pennsylvania announces supplementing announcement of yesterday effective immediately, new business will quote in following markets sugar at delivered prices only. Prices quoted in here are actual rates, usual differentials bags, barrels, etc., to be added: Albany, eighteen; Lockport, thirty-two; Niagara, thirty-two; Rome, twenty-five one-half; Utica, twenty-five; Duluth, forty-nine one-half.

THE SUGAR INSTITUTE.

4:20 p. m.

1983 *Government Exhibit 47*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 30, 1929.*

MR. W. H. EDGAR AND SON,
Detroit, Mich.:

Revere announces quote effective immediately on new business will quote following markets at delivered prices only for refinery shipment or from consigned stock stop. Price quoted will be our openly announced basis price plus following prepaid freight rates, which include tare for bags only stop. Barrels and packages at usual differentials stop. Syracuse, twenty-seven point eight; Rochester, twenty-nine point four; Buffalo, thirty-three; Cleveland, thirty-seven point one; Detroit, forty point two; Cincinnati, forty-five point three; Chicago, Milwaukee, fifty-one stop. No sugar will be sold for our refinery for shipment to these markets unquote.

1984 Revere announces quote effective May third on new business we quote delivered price of our basis price plus fifteen point five cents on bags, sixteen point three barrels and cases on one hundred bag shipments to one delivery in following markets: Providence, New Bedford, Fall River, and Newport unquote.

THE SUGAR INSTITUTE.

3:45 p. m.

1985 *Government Exhibit 48*

[Postal Telegraph]

NEW YORK, N. Y., *May 1, 1929.*

Mr. W. H. EDGAR & SON,
Detroit, Mich.:

Revere announces supplementing yesterday's announcement effective immediately on new business delivered price for refinery shipment or from consigned stock will be openly announced basis price plus following freight rate, which includes tare for bags usual differential for barrels and packages to Toledo bags four two point three barrels four four point seven.

THE SUGAR INSTITUTE.

11:48 a. m.

1986 *Government Exhibit 49*

[Postal Telegraph]

NEW YORK, N. Y., *May 2-3, 1929.*

EDGARS SUGAR HOUSE,
Detroit, Mich.:

Referring to Sugar Institute recommendation that no brokerage be paid anyone interested in warehousing or merchandising sugar and that no further sugar be stored in sugar brokers' or customers' warehouses, we advise that we have adopted such recommendation as our policy. Stop. Brokerage will be paid on sales through brokers out of stocks now consigned to brokers' warehouses. Stop. Please advise us by wire whether you and your affiliated interests desire to deal with us either as broker, warehouseman, or merchant. Stop. Any position taken with us must be consistent with that taken by you with any of our competitors.

C. H. WHITE, JR.

8:30 a.

1987 *Government Exhibits 50-55*

Exhibits 50-55, inc. (filed with the Clerk of the Supreme Court in lieu of printing) are announcements, identical in language and date with Exhibit 49, by Arbuckle, Federal, Godchaux, National, Pennsylvania, and Revere to Edgar.

1988 *Government Exhibit 56*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 7, 1929.

For the information of members:

Announcement from American Sugar Refining Co.

Dated: MAY 7, 1929.

"Effective immediately, and on new business, we desire to amplify our recent list of points to which we will sell on delivered prices only. The points to be added and the rates which will govern (plus tare) are named in the table below:

	Cents		Cents
Albany, N. Y	18	Rome, N. Y	25.5
Duluth, Minn	49.5	Schenectady, N. Y	21.5
Lockport, N. Y	32	Utica, N. Y	25
Niagara Falls, N. Y	32	Toledo, Ohio	41
		Burlington, Vt	30.5

"We also change the rate used to compute our delivered price at Green Bay, Wis., to 54.5 cents (plus tare)."

Announcement from Colonial Sugars Company

Dated: MAY 6, 1929.

"Effective immediately in Illinois, Wisconsin, Minnesota, and Upper Peninsula of Michigan will apply the Philadelphia rail and lake rates where these are lower than present all rail rates stop. The Twin Cities rail and lake rate will be applicable at LaCrosse and Sparta, Wisconsin, and at Redwing, Winona, and Rochester, Minnesota."

1989 THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 7, 1929.

For the information of members:

Announcement from American Sugar Refining Co.

Dated MAY 7, 1929.

"To meet competition, effective May 3, 1929, and on new business taken thereafter, and only to points in Illinois, Minnesota, Wisconsin, and the upper peninsula of Michigan, where rail and lake rates from Philadelphia are published, and where such rates are lower than the all-rail rates from New Orleans, we will apply the Philadelphia rail and lake rates to construct our ruling freight basis. However, at La Crosse, Eau Claire, Red Wing, Winona, Rochester, and Sparta we will apply the Philadelphia rail and lake rate to the Twin Cities.

"This announcement does not change our previous announcement of April 23, 1929, with reference to the application of the rail and lake rates at St. Paul, Minneapolis, and Duluth, or with reference to delivered prices at Chicago and Milwaukee."

1990 THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 8, 1929.

For the information of members:

Announcement from Federal Sugar Refining Company

Dated MAY 7, 1929.

"Effective immediately on new business we will quote only delivered prices, based on the price of refining sugar at our refinery, plus the following freight applications in the markets listed hereunder (these markets being in addition to those named in our announcement dated April 30th, 1929):

	Freight applications	
	Bags	Barrels, containers
Niagara Falls, N. Y.	33	34.7
Burlington, Vt.	31.4	33.2 "

1991 *Government Exhibit 57*

[Postal Telegraph]

NEW ORLEANS, LA., *May 4, 1929.*

EDGARS SUGAR HOUSE,
Detroit, Mich.:

Referring to our telegram of May second, to which we have as yet received no reply, please be advised that *we cannot accept business from any person, firm,* or corporation until their status as broker exclusively or as merchant exclusively or as warehouseman exclusively has been notified to us and satisfactory established.

GODCHAUX SUGARS, INC.

3:24 p.

[Postal Telegraph]

1992 PHILADELPHIA, PENN., *May 4, 1929.*

EDGARS SUGAR HOUSE,
1924 Lafayette Blvd., Detroit, Mich.:

Referring to our telegram of May second, to which we have as yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as broker

exclusively or as merchant exclusively or as warehouseman exclusively has been notified to us and satisfactorily established. Your definite answer must be in our hands Monday morning at latest.

PENNSYLVANIA SUGAR CO.

9:35 a.

[Postal Telegraph]

1993 NEW YORK, N. Y., *May 4, 1929, 6:12 a. m.*

EDGARS SUGAR HOUSE,
1924 Lafayette Blvd., Detroit, Mich.:

Referring to our telegram of May second, to which we have as yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as broker exclusively or as merchant exclusively or as warehouseman exclusively has been notified to us and satisfactorily established.

ARBUCKLE BROTHERS.

[Postal Telegraph]

1994 N. Y. C., N. Y., *May 4, 1929.*

EDGARS SUGAR HOUSE,
Detroit, Mich.:

Referring to our telegram May second, to which we have as yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as broker exclusively or as merchant exclusively or as warehouseman exclusively has been notified to us and satisfactorily established Karma.

C. H. WHITE, Jr.

10:30 a. m.

[Postal Telegraph]

1995 N. Y. C., N. Y., *May 4, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

Referring to our telegram May second, to which we have as yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as broker exclusively or as merchant exclusively or as warehouseman exclusively has been notified to us and satisfactorily established Karma.

C. H. WHITE, Jr.

10:30 a. m.

[Postal Telegraph]

1996 BOSTON, MASS., *May 4, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

Referring our telegram of May second, to which we have as yet received no reply, please be advised that we cannot accept business

from any person, firm, or corporation until their status as broker exclusively or as merchant exclusively or as warehouseman exclusively has been notified to us and satisfactorily established.

REVERE SUGAR REFG.

11:10 a. m.

[Postal Telegraph]

1997 N. Y. C., N. Y., *May 4, 1929.*

EDGARS SUGAR HOUSE,
Detroit, Mich.:

BIHYU to which we have as yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as broker exclusively or as merchant exclusively or as warehouseman exclusively has been notified to us and satisfactorily established.

FEDERAL SUGAR REFG. CO.

[Postal Telegraph]

1998 N. Y. C., N. Y., *May 4, 1929.*

EDGARS SUGAR HOUSE,
Detroit, Mich.:

Referring our telegram of May second, to which we have at yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as broker exclusively or as merchant exclusively or as warehouseman exclusively has been notified to us and satisfactorily established.

THE NATIONAL SUGAR REFG. CO. OF N. J.

11:45 a. m.

1999 *Government Exhibit 58*

[Postal Telegraph]

MAY 7, 1929.

Mr. W. E. FOSTER,
American Sugar Refining Co.,
117 Wall St., N. Y.

E. H. STONE,
Federal Sugar Refining Co.,
82 Wall St., New York, N. Y.

Referring to our earlier message to you, in taking over the brokerage business that was heretofore a part of the activities of Edgar Sugar House, Inc., we propose to cease merchandising sugars except for contracts both for purchase and for sale that are actually on our books, both beet and cane, and for the selling out of our present refined sugar holdings to best advantage. For your information we

have no commitments of any sort or description with the trade guaranteeing freight rates, and, while the Isbell Wholesale Stores are not a part of this discussion, we are closing them.

W. H. EDGAR & SON.

[Postal Telegraph]

2001 MAY 7, 1929.

AMERICAN SUGAR REFINING CO.,
117 Wall St., New York, N. Y.:

We have this day taken over from Edgars Sugar House their brokerage business and will hereafter act in a brokerage capacity after liquidating to the best advantage stocks on hand and completing all existing contracts. Our attorneys, Stevenson, Butzel, Eaman & Long, advise us that in their opinion the sugar institute's action in these matters is beyond the institute's right under the law, and we do not waive by the above answer to your inquiry any rights to damages that may ensue from the enforced choice your telegram indicates.

W. H. EDGAR & SON.

Prepay charge, W. H. Edgar & Son.

2000 Revere Sugar Refining Co., Boston, Mass.
Arbuckle Bros., Wall St., New York, N. Y.
National Sugar Refining Co., 129 Front St., New York, N. Y.
Federal Sugar Refining Co., 82 Wall St., New York, N. Y.
Pennsylvania Sugar Refining Co., Philadelphia, Pa.
McCahn Sugar Refining Co., Philadelphia, Pa.
Godchaux Sugars, Inc., New Orleans, La.

[Postal Telegraph]

2002 MAY 7, 1929.

AMERICAN SUGAR REFINING CO.,
117 Wall Street, New York, N. Y.:

Edgar's Sugar House is a Michigan Corporation licensed and carrying on a general warehousing business. Whether your members care to store sugar with them or not is beyond our jurisdiction. We are turning over today to W. H. Edgar & Son our brokerage business. Our attorneys, Stevenson, Butzel, Eaman & Long, advise us that in their opinion the Sugar Institute's action in these matters is beyond the Institute's right under the law, and we do not waive by the above answer to your inquiry any rights to damages that may ensue from the enforced choice your telegram indicates.

EDGAR'S SUGAR HOUSE.

Prepay charge, W. H. Edgar & Son.

[Postal Telegraph]

2003 MAY 7, 1929.

Mr. J. P. CODY,
Arbuckle Bros., Wall St., New York, N. Y.:

Referring to our earlier message to you in taking over the brokerage business that was heretofore part of the business of Edgar's Sugar House, we propose to cease the merchandising of sugars except for contracts both for purchase and for sales that are actually on our books and for the selling out of our present refined sugar holdings, approximately 250,000 bags. Our stock figure is for your personal and confidential information. We have no commitments with the trade guaranteeing freight rates of any sort or description.

W. H. EDGAR & SON.

Prepay Charge, W. H. Edgar & Son.

2004 *Government's Exhibit 59*

[Western Union]

NEW YORK, N. Y.,
1:47 p., May 8, 1929.

Gen. C. G. EDGAR,
1924 West Lafayette:

Referring to wire of yesterday and wire of today from W. H. Edgar and Son, I desire to advise you that this company recognizes W. H. Edgar and Son as a broker under the recent Institute ruling and is now in a position to accept any business offered by customers thru that organization. Personally I want to express to you my appreciation of your cooperation in assisting in this attempt to improve conditions in the sugar industry.

With kindest regards,

W. E. FOSTER.

(Amer. Sug. Ref. Co. file.)
2:05 p. m.

2005 *Government Exhibit 60*

APRIL 30, 1929.

National's announcement

Effective at once on New Business, we will apply the following freight rates on direct shipments and on deliveries from consignment at points where we carry stocks. On direct shipments these rates will apply, irrespective of whether shipment moves via All-Rail, Rail & Water, or All-Water routing:

	Cents		Cents
Schenectady, N. Y.	21½	Cleveland, Ohio	36
Albany, N. Y.	18	Detroit, Mich.	39
Utica, N. Y.	25	Toledo, Ohio	41
Rome, N. Y.	25½	Cincinnati, Ohio	44
Syracuse, N. Y.	27	Green Bay, Wis. (56.2 App.)	54½
Rochester, N. Y.	28½	Chicago, Ill.	49½
Buffalo, N. Y.	32	Milwaukee, Wis.	49½

These rates will apply only on sugars actually delivered at the points listed, and will not apply on any sugars reconsigned to points beyond or otherwise diverted.

Freight will be prepaid by the refiner and invoicing rendered at our regular prepaid basis corresponding to actual freight rates herein indicated. Refiner will require from transportaton companies record of delivery on all direct shipments moving to points at which these rates are applicable. No delivery F. O. B. Refinery for freight collect shipment will be made *to these points*.

THE NATIONAL SUGAR REFINING CO. OF N. J.

2006 *Government Exhibit 61*

APRIL 30TH, 1929.

Bulletin

Effective on new business, in markets which can be served via River, Canal and/or Great Lakes (even if part of movement is by rail) we will quote only delivered prices, based on our price of sugar at Refinery, plus freight applications (per examples listed hereunder).

We will bill at these delivered prices, allowing customer to ship all-rail and, when remitting, actual freight paid may be deducted only when accompanied by carrier's paid expense bill.

These delivered prices will also apply on deliveries ex consignments, where we carry such stock.

We will not accept any orders for delivery f. o. b. our refinery or New York intended for shipment to the above markets; neither will we accept orders intended for reshipment from any point to markets mentioned above.

	Freight applications			Freight applications	
	Bags	Barrels, containers		Bags	Barrels, containers
Syracuse, N. Y.	27.8	29.4	Chicago, Ill.	51	53.9
Rochester, N. Y.	29.4	31	Utica, N. Y.	25.8	27.2
Buffalo, N. Y.	33	34.9	Albany, N. Y.	20.1	21.2
Cleveland, Ohio	37.1	39.2	Rome, N. Y.	26.3	27.8
Detroit, Mich.	40.2	42.5	Lockport, N. Y.	33	34.9
Green Bay, Wis.	59.3 / 56.2	62.6	Schenectady, N. Y.	22.2	23.4
Cincinnati, Ohio	45.3	47.9	Duluth, Minn.	51	53.9
Milwaukee, Wis.	51	53.9	Toledo, Ohio	43.3	45.8

Other quotations on application:

FEDERAL SUGAR REFINING CO.

2007 *Government Exhibit 61–A*

SEAVEY & FLARSHEIM BROKERAGE CO.,
326 W. Madison Street,
Chicago, Ill., January 21, 1931.

CHICAGO SUGAR COMPANY,
358 W. Harrison St., Chicago, Ill.

GENTLEMEN: We are attaching herewith expense bill covering original shipment of the Chicago, Burlington & Quincy, W. P. Car 17575, recorded for transit, Bureau Number 4634, December 24, 1930.

You will note that we have endorsed this tonnage, represented by this freight bill, to you, and in doing so, it is to be strictly understood between us that any sugar transited under this expense bill that delivery will be confined to the Chicago switching, furthermore, that sugars transited will be the C&H brand. Please acknowledge.

Yours very truly,

SEAVEY & FLARSHEIM BROKERAGE CO.,
G. J. TENNISON.

2008 *Government Exhibit 61–B*

Date	Market quotation raw sugar	Granulated quotation net	Refining margin
1926			
Jan. 7	4.140	5.047	0.907
Jan. 14	4.110	5.047	0.937
Jan. 21	4.140	5.096	0.956
Jan. 28	4.270	5.194	0.924
Feb. 4	4.270	5.292	1.022
Feb. 11	4.270	5.292	1.022
Feb. 18	4.180	5.145	0.965
Feb. 25	4.140	5.047	0.907
Mar. 4	4.110	5.047	0.937
Mar. 11	4.020	4.900	0.880
Mar. 18	4.020	4.900	0.880
Mar. 25	3.960	4.900	0.940
Apr. 1	4.050	4.998	0.948
Apr. 8	3.990	5.096	1.106
Apr. 15	4.140	5.145	1.005
Apr. 22	4.140	5.292	1.152
Apr. 29	4.180	5.341	1.161
May 6	4.140	5.341	1.201
May 13	4.270	5.488	1.218
May 20	4.140	5.488	1.348
May 27	4.210	5.488	1.278
June 3	4.140	5.341	1.201
June 10	4.110	5.488	1.378
June 17	4.180	5.488	1.308
June 24	4.110	5.341	1.231
July 1	4.180	5.488	1.308
July 8	4.180	5.488	1.308
July 15	4.080	5.586	1.506
July 22	4.140	5.586	1.446
July 29	4.180	5.586	1.406
Aug. 5	4.210	5.488	1.278
Aug. 12	4.240	5.586	1.346
Aug. 19	4.240	5.586	1.346
Aug. 26	4.240	5.488	1.248
Sept. 2	4.270	5.586	1.316
Sept. 9	4.330	5.488	1.158
Sept. 16	4.400	5.586	1.186
Sept. 23	4.520	5.684	1.164
Sept. 30	4.650	5.782	1.132
Oct. 7	4.650	5.782	1.132
2009 Oct. 14	4.580	5.782	1.202
Oct. 21	4.520	5.635	1.115
Oct. 28	4.520	5.684	1.164
Nov. 4	4.580	5.684	1.104

Government Exhibit 61–B—Continued

Date	Market quotation raw sugar	Granulated quotation net	Refining margin
1926			
Nov. 11	4.550	5.684	1.134
Nov. 18	4.770	5.782	1.012
Nov. 24	4.900	5.978	1.078
Dec. 2	5.020	6.125	1.105
Dec. 9	5.150	6.125	0.975
Dec. 16	5.150	6.076	0.926
Dec. 23	5.080	6.076	0.996
Dec. 30	5.080	6.076	0.996
Average	4.343	5.476	1.133
1927			
2010 Jan. 6	5.150	6.223	1.073
Jan. 13	5.020	6.223	1.203
Jan. 20	5.020	6.076	1.056
Jan. 27	5.020	6.125	1.105
Feb. 3	4.860	6.027	1.167
Feb. 10	4.960	6.027	1.067
Feb. 17	4.900	5.831	0.931
Feb. 24	4.960	5.929	0.969
Mar. 3	4.900	5.929	1.029
Mar. 10	4.900	5.880	0.980
Mar. 17	4.740	5.782	1.042
Mar. 24	4.710	5.782	1.072
Mar. 31	4.650	5.733	1.083
Apr. 7	4.650	5.684	1.034
Apr. 14	4.770	5.782	1.012
Apr. 21	4.900	5.880	0.980
Apr. 28	4.900	5.978	1.078
May 5	4.740	5.978	1.238
May 12	4.900	5.978	1.078
May 19	4.830	5.978	1.148
May 26	4.860	6.076	1.216
June 2	4.830	6.076	1.246
June 9	4.610	6.076	1.466
June 16	4.610	5.978	1.368
June 23	4.580	5.978	1.398
June 30	4.520	6.076	1.556
July 7	4.520	6.076	1.556
July 14	4.550	5.978	1.428
July 21	4.520	5.684	1.164
July 28	4.520	5.782	1.262
Aug. 4	4.460	5.488	1.028
Aug. 11	4.460	5.586	1.126
Aug. 18	4.460	5.586	1.126
Aug. 25	4.650	5.586	0.936
Sept. 1	4.770	5.782	1.012
Sept. 8	4.830	5.635	0.805
Sept. 15	4.770	5.880	1.110
Sept. 22	4.830	5.880	1.050
Sept. 29	4.740	5.880	1.140
Oct. 6	4.650	5.684	1.034
2011 Oct. 13	4.710	5.782	1.072
Oct. 20	4.650	5.684	1.034
Oct. 27	4.710	5.684	0.974
Nov. 3	4.580	5.586	1.006
Nov. 10	4.650	5.586	0.936
Nov. 17	4.710	5.586	0.876
Nov. 23	4.650	5.586	0.936
Dec. 1	4.520	5.488	0.968
Dec. 8	4.520	5.488	0.968
Dec. 15	4.610	5.586	0.976
Dec. 22	4.650	5.586	0.936
Dec. 29	4.580	5.586	1.006
Average	4.726	5.823	1.097
1928			
2012 Jan. 5	4.650	5.635	0.985
Jan. 12	4.580	5.684	1.104
Jan. 19	4.460	5.684	1.224
Jan. 26	4.400	5.684	1.284
Feb. 2	4.270	5.586	1.316
Feb. 9	4.270	5.586	1.316
Feb. 16	4.210	5.586	1.376
Feb. 23	4.240	5.488	1.248
Mar. 1	4.400	5.586	1.186

Government Exhibit 61–B—Continued

Date	Market quotation raw sugar	Granulated quotation net	Refining margin
1928			
Mar. 8	4.400	5.635	1.235
Mar. 15	4.520	5.733	1.213
Mar. 22	4.580	5.733	1.153
Mar. 29	4.610	5.733	1.123
Apr. 5	4.520	5.831	1.311
Apr. 12	4.460	5.831	1.371
Apr. 19	4.460	5.831	1.371
Apr. 26	4.400	5.831	1.431
May 3	4.430	5.831	1.401
May 10	4.520	5.831	1.311
May 17	4.520	5.831	1.311
May 24	4.520	5.880	1.360
May 31	4.460	5.929	1.469
June 7	4.300	5.978	1.678
June 14	4.330	5.978	1.648
June 21	4.330	5.978	1.648
June 28	4.360	5.782	1.422
July 5	4.360	5.782	1.422
July 12	4.210	5.782	1.572
July 19	4.140	5.684	1.544
July 26	4.140	5.488	1.348
Aug. 2	4.140	5.341	1.201
Aug. 9	4.110	5.439	1.329
Aug. 16	4.270	5.439	1.169
Aug. 23	4.140	5.537	1.397
Aug. 30	4.110	5.537	1.427
Sept. 6	4.110	5.537	1.427
Sept. 13	3.990	5.537	1.547
Sept. 20	3.960	5.292	1.332
Sept. 27	3.960	5.292	1.332
Oct. 4	3.890	5.243	1.353
Oct. 11	3.930	5.145	1.215
2013 Oct. 18	3.960	5.145	1.185
Oct. 25	3.930	5.145	1.215
Nov. 1	3.770	4.998	1.228
Nov. 8	3.830	4.998	1.168
Nov. 16	3.830	5.096	1.266
Nov. 22	3.890	5.096	1.206
Nov. 28	3.960	5.047	1.087
Dec. 6	3.960	5.145	1.185
Dec. 13	3.960	5.145	1.185
Dec. 20	3.960	5.145	1.185
Dec. 27	3.890	5.145	1.255
Average	4.223	5.536	1.313
2014 1929			
Jan. 3	3.770	5.145	1.375
Jan. 10	3.800	5.047	1.247
Jan. 17	3.830	4.900	1.070
Jan. 24	3.800	4.998	1.198
Jan. 31	3.800	4.998	1.198
Feb. 7	3.740	4.998	1.258
Feb. 14	3.740	4.802	1.062
Feb. 21	3.710	4.802	1.092
Feb. 28	3.710	4.802	1.092
Mar. 7	3.740	4.802	1.062
Mar. 14	3.710	4.802	1.092
Mar. 21	3.710	4.802	1.092
Mar. 28	3.640	4.802	1.162
Apr. 4	3.610	4.802	1.192
Apr. 11	3.710	4.802	1.092
Apr. 17	3.640	4.802	1.162
May 2	3.670	4.802	1.132
May 9	3.550	4.802	1.252
May 16	3.580	4.900	1.320
May 23	3.580	4.900	1.320
May 29	3.550	4.900	1.350
June 6	3.490	4.900	1.410
June 13	3.460	4.900	1.440
June 20	3.520	4.753	1.233
June 27	3.580	4.900	1.320
July 3	3.710	4.900	1.190
July 11	3.830	5.145	1.315
July 18	3.960	5.145	1.185

P. S.—From June 7th to 14th, 1928, granulated basis was $5.978 net and Porto Rico raws sold $4.21 net, leaving refining margin of $1.768.

Government Exhibit 61–B—Continued

Date	Market quotation raw sugar	Granulated quotation net	Refining margin
1929			
July 25	3.990	5.390	1.400
Aug. 1	3.890	5.390	1.500
Aug. 8	3.830	5.390	1.560
Aug. 15	3.770	5.390	1.620
Aug. 22	3.770	5.390	1.620
Aug. 29	3.800	5.390	1.590
Sept. 5	3.890	5.194	1.304
Sept. 12	4.020	5.292	1.272
Sept. 19	4.020	5.292	1.272
Sept. 26	4.080	5.390	1.310
Oct. 3	4.080	5.390	1.310
2015 Oct. 10	4.080	5.390	1.310
Oct. 17	4.080	5.390	1.310
Oct. 24	4.020	5.390	1.370
Oct. 31	3.830	5.145	1.315
Nov. 7	3.770	5.145	1.375
Nov. 14	3.710	5.145	1.435
Nov. 21	3.710	4.900	1.190
Nov. 27	3.670	4.900	1.230
Dec. 5	3.710	4.900	1.190
Dec. 12	3.770	4.900	1.130
Dec. 19	3.800	4.998	1.198
Dec. 26	3.770	4.998	1.228
Average	3.768	5.042	1.274
2016 1930			
Jan. 2	3.800	4.998	1.198
Jan. 9	3.830	5.096	1.266
Jan. 16	3.770	5.096	1.326
Jan. 23	3.610	5.096	1.486
Jan. 30	3.770	5.096	1.326
Feb. 6	3.670	4.900	1.230
Feb. 13	3.770	4.851	1.081
Feb. 20	3.770	4.851	1.081
Feb. 27	3.580	4.851	1.271
Mar. 6	3.610	4.753	1.143
Mar. 13	3.610	4.900	1.290
Mar. 20	3.580	4.900	1.320
Mar. 27	3.550	4.900	1.350
Apr. 3	3.610	4.606	0.996
Apr. 10	3.390	4.802	1.412
Apr. 17	3.420	4.802	1.382
Apr. 24	3.420	4.802	1.382
May 1	3.380	4.802	1.412
May 8	3.270	4.802	1.532
May 15	3.210	4.802	1.592
May 22	3.210	4.606	1.396
May 29	3.140	4.606	1.466
June 5	3.240	4.410	1.170
June 12	3.240	4.410	1.170
June 19	3.270	4.508	1.238
June 26	3.270	4.508	1.238
July 3	3.300	4.606	1.306
July 10	3.300	4.606	1.306
July 17	3.250	4.606	1.356
July 24	3.250	4.606	1.356
July 31	3.180	4.606	1.426
Aug. 7	3.230	4.410	1.180
Aug. 14	3.180	4.410	1.230
Aug. 21	3.160	4.263	1.103
Aug. 28	3.180	4.263	1.083
Sept. 4	3.160	4.361	1.201
Sept. 11	3.130	4.361	1.231
Sept. 18	3.150	4.361	1.211
Sept. 25	3.130	4.263	1.133
Oct. 2	3.040	4.263	1.223
2017 Oct. 9	3.220	4.263	1.043
Oct. 16	3.300	4.459	1.159
Oct. 23	3.400	4.459	1.059
Oct. 30	3.380	4.557	1.177
Nov. 6	3.390	4.557	1.167
Nov. 13	3.420	4.557	1.137
Nov. 20	3.370	4.557	1.187
Nov. 16	3.400	4.655	1.255
Dec. 4	3.340	4.655	1.315

Government Exhibit 61–B—Continued

Date	Market quotation raw sugar	Granulated quotation net	Refining margin
1930			
Dec. 11	3.370	4.655	1.285
Dec. 18	3.250	4.557	1.307
Dec. 24	3.230	4.459	1.229
Dec. 31	3.140	4.459	1.319
Average	3.375	4.634	1.259
2018 Oct. 8	3.450	4.508	1.058
Oct. 15	3.450	4.508	1.058
Oct. 22	3.380	4.508	1.128
Oct. 29	3.420	4.508	1.088
Nov. 5	3.420	4.508	1.088
Nov. 12	3.380	4.410	1.030
Nov. 19	3.360	4.410	1.050
Nov. 25	3.300	4.410	1.110
Dec. 3	3.200	4.312	1.112
Dec. 10	3.130	4.312	1.182
Dec. 17	3.100	4.116	1.016
Dec. 24	3.100	4.116	1.016
Dec. 31	3.200	4.116	0.916
Average	3.338	4.434	1.096
2019 1931 Jan. 8	3.400	4.606	1.206
Jan. 15	3.380	4.606	1.226
Jan. 22	3.400	4.606	1.206
Jan. 29	3.400	4.606	1.206
Feb. 5	3.300	4.606	1.306
Feb. 11	3.300	4.410	1.110
Feb. 19	3.300	4.410	1.110
Feb. 26	3.320	4.410	1.090
Mar. 5	3.250	4.410	1.160
Mar. 12	3.250	4.312	1.062
Mar. 19	3.320	4.312	0.992
Mar. 26	3.350	4.312	0.962
Apr. 2	3.330	4.410	1.080
Apr. 9	3.350	4.410	1.060
Apr. 16	3.300	4.410	1.110
Apr. 23	3.250	4.410	1.160
Apr. 30	3.200	4.312	1.112
May 7	3.140	4.312	1.172
May 14	3.180	4.312	1.132
May 21	3.200	4.263	1.063
May 28	3.110	4.263	1.153
June 4	3.200	4.361	1.161
June 11	3.300	4.361	1.061
June 18	3.350	4.361	1.011
June 25	3.400	4.459	1.059
July 2	3.480	4.459	0.979
July 9	3.440	4.557	1.117
July 16	3.500	4.557	1.057
July 23	3.550	4.655	1.105
July 30	3.500	4.655	1.155
Aug. 6	3.510	4.655	1.145
Aug. 13	3.500	4.655	1.155
Aug. 20	3.500	4.655	1.155
Aug. 27	3.420	4.508	1.088
Sept. 3	3.370	4.459	1.089
Sept. 10	3.420	4.459	1.039
Sept. 17	3.400	4.459	1.059
Sept. 24	3.430	4.459	1.029
Oct. 1	3.400	4.410	1.010

2020 *Government Exhibit 61–C*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 26, 1929.

Mr. JAMES LAWRENCE FLY,
Official Assistant to the Attorney General,
Washington, D. C.

DEAR MR. FLY: During a recent conversation with Mr. Taylor, you asked for several examples of retransiting cases where the buyer was able to defeat the established rate at destination. Mr. Taylor has turned this matter over to me as he will be out of the city for a few days.

The rate structure in the State of Texas offers a number of examples of how the selling basis may be defeated by transiting sugars. The two examples outlined below and the attached map illustrate this point.

1. The New Orleans actual rate to Cameron, Texas, is 58¢, as against an arbitrary rate charged by refiners of 45¢. The New Orleans rate to Ft. Worth is the same as Cameron; that is, 58¢, while the arbitrary rate is 55¢; thus a buyer, by transiting through Cameron, can own the sugars in Ft. Worth at a 45¢ application instead of 55¢, which makes the New Orleans refiner take an absorption of 13¢ instead of 3¢.

2. The actual rate from New Orleans to Houston, Texas, is 47¢, as against an arbitrary rate of 29¢. Using Ft. Worth again as a final destination point, a buyer can pay in an additional 11¢ which, with the 47¢ already paid by the refiner, will total the railroad's actual rate from New Orleans to Ft. Worth of 58¢. However, the buyer has only paid 29¢, the arbitrary rate, which with the 11¢ additional he pays in, totals 40¢; therefore, the total cost to the buyer taking delivery in Ft. Worth is 40¢, while had the shipment not been transited, it would have cost him 55¢. The buyer can pocket 15¢ on every bag of sugar so manipulated.

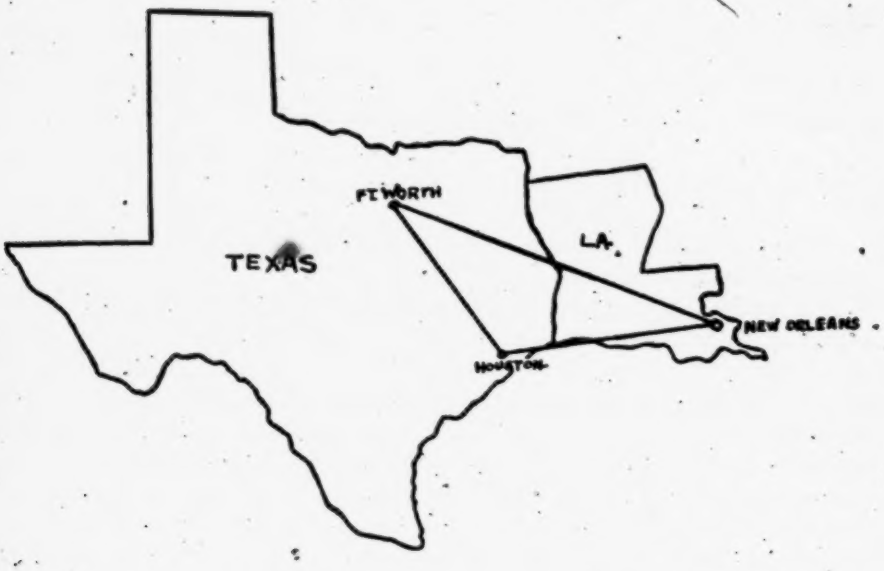
If you wish any additional information, please feel at liberty to call on me.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Per W. W. PATTERSON.

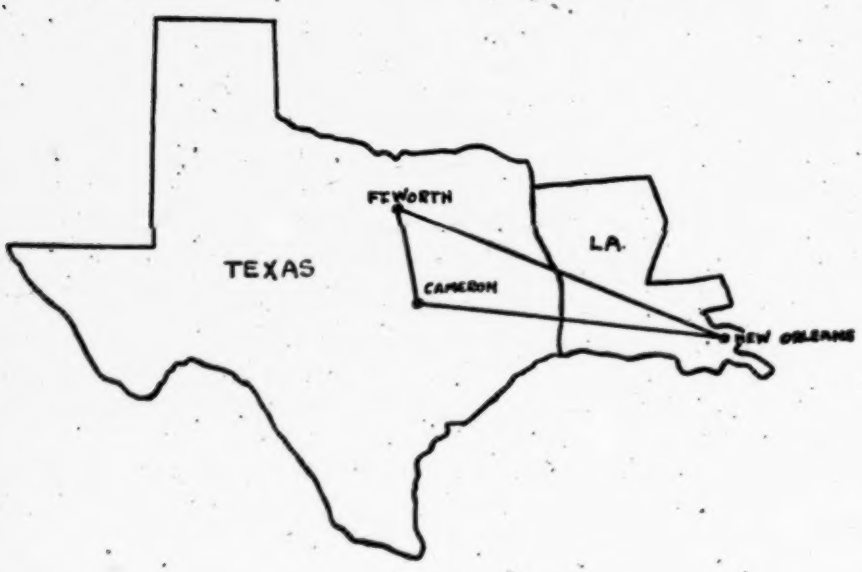
2021 *Cents per 100 pounds, New Orleans*

Actual rate to Ft. Worth	58
Actual rate to Houston	47
To be paid in for Ft. Worth delivery	11
Arbitrary rate New Orleans to Houston	29
To be paid in for Ft. Worth delivery	11
Actual cost to buyer at Ft. Worth	40
Arbitrary rate to Ft. Worth	55
Loss to refiner	−15



Cents per 100 pounds

	New Orleans rate	Arbitrary rate
Cameron	58	45
Ft. Worth	58	55



2022 *Government Exhibit 62*

[Sugar sales contract]

GODCHAUX SUGARS, INC.

Sold to JOHN J. MEIER CO.,
St. Louis, Mo.:

Terms of payment and conditions of sales contract printed on reverse side constitute part hereof.

A continuing contract, to become effective March 1st, 1927, cancellable, exclusive of firm entries, on 10 days' written notice by either party, buyer's option of minimum 3,600 bags to maximum 6,000 bags to be declared at close of preceding month, approximate equal weekly shipments, seller's price on date of arrival not over American or C. & H. basis price. Buyer has the privilege of firm entry of an amount equal to his last previous declaration, either at time of seller's advance at seller's price previous to advance or at any time at seller's price, not over American or C. & H. basis price. The prevailing New Orleans prepaid rate as shipped to apply. Terms 2%, 7 days after arrival. "Arrival" to be construed the same as by California refiners.

Seller to give buyer special allowance of 10¢ per cwt., deductible from invoice when remitting.

GODCHAUX SUGARS, INC. (seller),
By ——— ———.

2023 *Government Exhibit 63*

SAN FRANCISCO., *Cal., 6/16/30.*

Sold by California and Hawaiian Sugar Refining Corporation, San Francisco, California

To JOHN J. MEIER & COMPANY,
St. Louis, Mo.:

32,400 100-lb. bags C and H pure cane sugar, at $4.50 per 100 pounds, granulated basis. Plus the seller's basing freight application from New Orleans at time of shipment, subject to terms and conditions set forth on the back hereof.

Specifications: Shipment within thirty days by barge.

2024 Terms and conditions

1. Cash discount: Price quoted subject to 2% cash discount if paid within seven (7) days after arrival at destination. On barge shipments subject to 2% cash discount only if paid within fourteen (14) days from date of shipment.

2. Price guarantee: No price is guaranteed, nor calling privilege given. Entry price shall govern in every instance.

2025 *Government Exhibit 64*

[Letterhead of Hotel McCurdy]

EVANSVILLE, INDIANA, *November 25, 1930.*

THE SUGAR INSTITUTE,
129 Front St., New York, N. Y.
The Attention of Mr. Fisher

DEAR EVAN: I am enclosing copy of discussion which took place at the meeting of the Evansville Brokers' Committee.

For your information, in the case of the Sterling Products Company, four of the five expressed their opinion that the storage of sugar with this company would be unethical under a strict interpretation of the Code of Ethics and three expressed themselves similarly in the case of the Evansville Warehouse Company.

I talked to all of them separately and there is no doubt that they feel that the storage of sugar in either or both of the above cases is the cause of most of the friction in this market.

I am sending the original of the enclosed letter to Mr. C. L. Kriekhaus, since he requested me to write the meeting up for him, and in the course of time you should receive a communication from him as Secretary of the Evansville Sugar Brokers' Committee expressed in much the same terms.

I hope that the Executive Committee will adhere strictly to the recommendation, as stated in the enclosure, since it will be instrumental in eliminating two sore spots from the sugar market in Evansville.

Yours very truly,

FRANCIS R. VAN BUREN.

(Institute files.)

2026 *Government Exhibit 65*

[Copy]

NOVEMBER 25, 1930.

Mr. C. L. KRIEKHAUS,
520 Mercantile Bank Bldg., 2nd and Sycamore St.,
Evansville, Indiana.

DEAR MR. KRIEKHAUS: I am enclosing my version of the action taken by the Evansville Sugar Brokers' Committee today. The form

in which I put it, of course, is merely my suggestion, but I believe it expresses what occurred in the manner best suited to the needs of the Sugar Institute.

Yours very truly,

FRANCIS R. VAN BUREN.

(Institute files.)

2027 *Government Exhibit 66*

[Copy]

NOVEMBER 25, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

GENTLEMEN: On November 25th the Evansville Sugar Brokers Committee was organized at a meeting, at which the following were represented:

Henry O. Amos, of the Henry O. Amos Brokerage Co.; W. R. Block, of the Block Brokerage Company; C. A. Humphreys, C. L. Kriekhaus, of C. L. Kriekhaus & Co.; and L. A. Parker, of L. A. Parker & Co.

It was decided that there was no necessity for the election of a Chairman, but Mr. C. L. Kriekhaus was selected to act as Secretary of the Committee.

There was a lengthy discussion of the various warehouses, in which refined sugar is stored in Evansville, and the following warehouses were selected as those having no buyer or broker affiliations:

The Brokers' Warehouse Corporation,

The Lex Terminal Warehouse Company.

The Sterling Products Company and the Evansville Warehouse Co., Inc., were discussed and a majority of those present expressed the opinion that under a strict interpretation of the Sugar Institute Code of Ethics an affiliation existed.

Yours very truly,

———— ————.

(Institute files.)

2028 *Government Exhibit 67*

[Western Union]

[Copy of original]

EVANSVILLE, IND.,
Nov. 26, 1930—12:23 A. M.

THE SUGAR INSTITUTE INC.,
129 Front St., New York, N. Y.:

Brokers Committee met today and selected Lex Terminal and Brokers Warehouse as nonaffiliated Stop. Mr. C. L. Kriekhaus selected as secretary of committee, will communicate with Institute

direct Stop. Am sending air-mail copy of action taken at meeting dictated by me as suggestion to Mr. Kriekhaus as form for such communication.

F. R. VANBUREN.

(Institute files.)

2029 *Government Exhibit 68*

FEBRUARY 4, 1931.

Mr. L. A. PARKER,
% L. A. Parker & Co., Evansville, Ind.

MY DEAR MR. PARKER: We have been informed by the Sugar Institute that at the January Directors' meeting, it was ruled that there are at present but two warehouses in Evansville recognized by the Institute, namely, the Brokers Warehouse and Lex Terminal. Later, we understand, the Meade Johnson Warehouse will be approved.

This means that the Evansville Warehouse and Sterling Products Co. are not elligible for the storing of sugar.

You will please be guided by this ruling and only make future consignments to the two warehouses approved by the Institute.

Very truly yours,

COLONIAL SUGARS COMPANY.
C. B. NEWMAN.

2030 *Government Exhibit 69*

FEBRUARY 9, 1931.

MESSRS. L. A. PARKER & Co.,
Evansville, Ind.

(Attention Mr. L. A. Parker.)

GENTLEMEN: Replying to your letter of the 6th inst. with reference to warehouses, it was ruled by the Board of Directors of the Institute that only the Lex and Brokers Warehouses would be recognized. This apparently overrules the agreement made by brokers.

We would like to cooperate with the Institute in this respect, and as we understand that it will not seriously inconvenience you, would prefer to discontinue storing at the Sterling Products Company.

Very truly yours,

COLONIAL SUGARS COMPANY.
C. B. NEWMAN.

2031 *Government Exhibit 70*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 18, 1930.

To: Members of the Sugar Institute, Inc.:

In Re: Brokers pledge

GENTLEMEN: Pursuant to instructions of the director's meeting of February 13th, we are sending you herewith copy of the suggested *broker's pledge* and agreement which was *adopted by the unanimous vote* of that meeting. The only exception being taken to this form is that of the final paragraph referring to the termination of agreement. The wording of this paragraph conflicts with the policy of some refiners, and it is therefore decided, on the advice of counsel, that this paragraph may be either eliminated or modified according to the wishes of the individual refiner.

The *plan* proposed *requires that this agreement be signed in triplicate by all brokers*, whether directly employed or acting in the capacity of subbrokers. The original is to be retained by the refiner—the first copy to go to the broker signing it—and the second copy is to be filed with the Sugar Institute. It is recommended that members secure the execution of these agreements as rapidly as possible, and that the work be completed and copies filed with the Institute on or before April 1st, 1930.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR, *Executive Vice Secretary.*

2032 Suggested broker's agreement & pledge—February 6, 1930

This agreement is made this ------ day of ----------, 1930, 1930, by and between ---------- member of the Sugar Institute, Inc., hereinafter termed the refiner, and ----------, hereinafter termed the broker.

In consideration of the refiner employing the broker to sell its sugar, syrup, and/or other products, the *broker hereby solemnly* promises, agrees, and *upon oath states that he will rigidly and strictly adhere* in every way, in spirit and in fact, *to the following rules* of conduct in the distribution and sale of the refiner's sugar, syrup and/or other products:

(1) That he *will carefully peruse all letters, circulars, or bulletins* received by him *containing interpretations of the Code* of Ethics of the Sugar Institute or regulations thereunder, and will conscientiously *uphold the spirit and letter of the same* in all transactions, except when otherwise specifically authorized by the refiner;

(2) That the broker *will not give, pay, rebate, or divert* all or any part of the money or commissions paid by the refiner for services rendered in the purchase or sale of sugar, syrup, and/or other

products either directly or indirectly by any means or subterfuge of any nature whatsoever to the factor ordering or to the purchaser or to any of their employees or to any firm, corporation, or individual designated by or connected with them.

(3) That the broker will not give or be a party to *giving money* or its equivalent or any *inducement* which is not considered ethical or legitimate under the Code of Ethics of the Sugar Institute, and which is not fully disclosed to the refiner to any individual, firm, or corporation, directly or indirectly, *for the purpose of inducing the placing of orders* for sugar, syrup, and/or other products;

(4) That the broker *will not divert* to customers' warehouses or to any warehouses or destinations other than those shown on bills of lading, *any cars or cargoes of sugar*, syrup, and/or other products which have been consigned to the broker by the refiner, except when such diversion is specifically authorized by the refiner;

(5) That the broker *will not participate in any effort to divert or retransit shipments* in such manner as to defeat refiner's freight applications at place of ultimate destination, and *will report* to the refiner *any* instance of such *diversion or retransiting* that may come to his attention;

(6) That the broker *will check* and *inspect consignments* of sugar, syrup, and/or other products shipped by the refiner in the broker's care, *after* same have been unloaded in warehouse designated in the shipping papers, at such intervals and *in such manner as will reasonably serve to detect any irregularities, and that any irregularities if detected will be reported immediately to the refiner;*

2033 (7) That the broker *will not* participate in any effort to *collect unearned warehouse charges*, and will report to the refiner any instance of unearned charges that may come to his attention;

(8) That, while acting as a broker in the distribution and sale of the refiner's products, the broker *will not engage*, directly or indirectly by any means or subterfuge of any nature whatsoever, in the business of *warehousing or merchandizing*, or of transporting sugar, syrup, and/or other products of the refiner, either first hand or resale.

(9) That the *broker*, in *working with associate brokers, subbrokers*, or *agents*, will deal only through those recognized as legitimate brokers or agents and *will cause them to execute with the refiner a signed and solemn agreement, under oath, identical with this herein set forth.*

It is understood and agreed by and between the refiner and the broker that the refiner will secure from all brokers through whom it sells its sugar, syrup, and/or other products, a signed and solemn agreement, under oath, identical with that herein set forth, and that from and after ---------- 1930, *the refiner will not conduct the distribution and sale of its sugar*, syrup, and/or other products *through*

any broker or other independent sales agency unless and until such broker or sales agency has signed and deposited a copy of such agreement with the refiner.

It is further understood and agreed by and betwen the refiner and the broker that the *refiner may terminate this agreement with the broker upon ten days' notice in* writing mailed to the broker by registered mail; and that the broker may terminate this agreement with the refiner upon ten days' notice in writing mailed to the refiner by registered mail.

In witness whereof the broker has signed this pledge and agreement in duplicate both on behalf of himself, his employees, his partners, or the corporation with which he is connected, its officials or employees, this ------ day of ----------, 1930.

(Signature) ----------

State of: ----------

County of: ----------

Subscribed and sworn to this ------ day of ----------, 1930.

Notary Public.

In consideration of the foregoing promises and agreements on the part of the broker, the refiner has caused this instrument to be signed in its name and its corporate seal to be affixed thereto this ------ day of ----------, 1930.

(Refiner) ----------

2034 *Government Exhibit 71*

FEB. 7TH, 1931.

C. L. KRIEKHAUS & Co.,
Evansville, Ind.

GENTLEMEN: At a recent meeting of the Institute the Evansville Warehouse has been disqualified; hence it will be necessary to make a change.

We will be pleased to have your views as to which of the three following warehouses would best suit your requirements, which would best handle the business, and which you believe best constructed and advisable to carry sugar in:

Brokers' Warehouse Corporation.
Lex Terminal Warehouse.
Johnson Meat Terminal.

Yours very truly,

CHARLES GODCHAUX, *President.*

(Godchaux files.)

2035 *Government Exhibit 72*

[Memorandum]

Date, FEB. 7, 1931.

Mr. J. A. BERTONIERE,
Office:

In view of your absence, I have written to these warehouses for data as to their charges:

Brokers' Warehouse Corporation.
Lex Terminal Warehouse.
Johnson Meat Terminal.

At the Institute meeting of Jan. 29th the Evansville Warehouse was disqualified and the only three warehouses that met the required qualifications were those listed above.

The Johnson Meat Terminal, I understand, is under construction but will soon be completed.

Upon your return I would like to discuss this matter further with you.

(Godchaux files.)

2036 *Government Exhibit 73*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 9, 1930.

Our File No. B–89–A.

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau,
120 South La Salle Street, Chicago, Illinois.

Subject: Alabama Brokerage Company, Tuscaloosa, Alabama

MY DEAR MR. DOUGLAS: At their meeting of October 8th the Executive Committee considered the evidence in the enclosed report covering the Alabama Brokerage Company. The Committee found that this Company was violating its broker's pledge, and, therefore, is not qualified to receive brokerage from members of the Sugar Institute.

Very truly yours,

EVAN FISHER, *Office Manager.*

(Institute files.)

2037 *Government Exhibit 74*

THE SUGAR INSTITUTE, INC.,
New Orleans, La., 10/4 30.

The following report has been made by Mr. F. B. van Buren following his investigation of the ALABAMA BOKERAGE CO., TUSCALOOSA, ALABAMA:

"In accordance with instructions I made a reinvestigation of the storage of sugar by the Alabama Brokerage Co. At the time of my

visit there were over 200 bags of Savannah Dixie Crystal stored in the warehouse which according to Mr. Birchfield belonged to the Sumter Farms Co.

"Mr. Birchfield claimed that he had leased his warehouse, half to H. G. Hill and half to Sumter Farms Co., for $10.00 per month each, but could not produce a copy of the lease, nor could he show any evidence of the payment of rent by either of these two firms. In fact, he admitted that although the leases were signed in the early part of August, he had not as yet received any payment from either firm.

"There is no dividing line to show where the portion leased by H. G. Hill ends, and that leased by the Sumter Farms Co. begins. In fact, the space which, according to Mr. Birchfield, is leased by H. G. Hill was nearly full of canned goods and other merchandise, including sugar, all belonging to the Sumter Farms Co. There was no merchandise of any kind belonging to the H. G. Hill Co. in the warehouse, although they are officially renting the space for $10.00 per month.

"The Alabama Brokerage Co. pay $40.00 per month for the entire space, and occupy as their office approximately one-sixth or less of the space, and yet, according to Mr. Birchfield, they are willing to lease five-sixths of the space for only $20.00. Mr. Birchfield contended that none of the merchandise stored in the warehouse was the property of, or consigned to, the Alabama Brokerage Co., but from various other sources, I was informed that he was selling cans of lard which were in storage, ex-consignment, and not for the account of any wholesaler. I was also informed that the practice of lending sugar from the stock in the warehouse had not been discontinued; but if anything was more prevalent since the warehouse was leased, if, in fact, it was leased.

"Mr. Birchfield agreed to supply the Institute with copies of the leases and I specified that they must be certified copies of the originals to have any weight. Mr. Birchfield also stated that if the present arrangement was not satisfactory to the Institute, he would discontinue the use of the warehouse altogether, which would indicate that the leases were of a rather flexible nature.

"Whether or not the renting of the warehouse space to H. G. Hill and the Sumter Farms Co. is bona fides, in any case they are receiving storage facilities with a capacity of 5,000 bags of sugar (this much has been stored there in the past, according to Mr. Birchfield) not only at a great deal less than the storage charge of a legitimate warehouse, b[illegible] at less than the space costs the Alabama Brokerage Co.

"In other words, the Alabama Brokerage Co. is rendering the service, if not without charge at least it is without adequate charge."

(Institute files.)

2038 *Government Exhibit 75*

[Copy]

MAY 8, 1930.

W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
101 South Street, Philadelphia, Penna.

Re: Brokers' pledges

GENTLEMEN: We have gone over our records very carefully to pick out those brokers whom our records indicate you are still using and from whom we have not received a signed Pledge. Will you please go over the list below and if there are any of them whom you have discontinued, will you so advise us and let us know the status of the agreements for the others.

City	State	Broker
Indianapolis	Indiana	Kenneth L. Fox & Co., covered by Chicago.
Cleveland	Ohio	Kenneth L. Fox & Co., covered by Chicago.
		The Victor Hellwig Co., out rec'd.
Harrisburg	Pennsylvania	Brokers, Inc.
Philadelphia	Pennsylvania	Lamborn & Co., covered by N. Y. C.
		Minford-Leuder & Co., covered by N. Y. C.
Milwaukee	Wisconsin	Geo. E. Keiser, covered by N. Y. C.

Very truly yours,
(Institute files.)

THE SUGAR INSTITUTE, INC.,
EVAN T. FISHER, *Office Manager.*

2039 *Government Exhibit 76*

[Letterhead of The W. J. McCahan Sugar Refining & Molasses Co.]

PHILADELPHIA, PA., *May 9, 1930.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

DEAR SIRS: We acknowledge receipt of your favor of the 8th instant in regard to Brokers' Pledges.

Effective March 30th, 1930, we discontinued paying brokerage to any broker who does not sign and file with us the necessary Brokers' Pledge. From that day forward our Brokers' List should be compiled from the copies of Brokers' Pledges filed by us with you.

Regarding Kenneth L. Fox & Company, both at Indianapolis, Indiana, and at Cleveland, Ohio, we beg leave to advise you that the Brokers' Pledge signed in the name of the company by the president, Mr. Kenneth L. Fox, covers the offices of the company at Cleveland, Ohio; Indianapolis, Indiana; and at Chicago, Ill.

Regarding Lamborn & Company, Philadelphia, we beg leave to advise you that the Brokers' Pledge signed in the name of the company by the Vice President, Mr. Ody H. Lamborn, covers the offices

of the company at New York, N. Y.; Philadelphia, Pa.; Savannah, Ga.; Chicago, Ill.; and Detroit, Mich.

Regarding Minford-Lueder & Company, Philadelphia, we beg leave to advise you that the Brokers' Pledge signed in the name of the company, covers the offices of the company at New York, N. Y., and Philadelphia, Pa.

Regarding George E. Keiser, Milwaukee, Wisc., we beg leave to enclose copy of letter dated March 31st, addressed to us by these gentlemen, advising us that the Brokers' Pledge to be signed in the name of George E. Keiser Company will cover the office of the company at New York, N. Y.; Toledo, Ohio; Detroit, Mich.; Fort Wayne, Ind.; Chicago, Ill.; and Milwaukee, Wisc.

2040 Regarding Brokers, Inc., Harrisburg, Pa., we beg leave to draw your attention to our letter of April 16th, copy of which we enclose herewith for your convenience.

Yours very truly,

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
L. V. PLACE, Jr., *Vice President.*

(Institute files.)

2041 *Government Exhibit 83*

AUGUST 22, 1930.

Mr. H. E. WORCESTER,
Revere Sugar Refinery, 333 Medford Street,
Charlestown, Mass.

Re: Broker's pledge

DEAR MR. WORCESTER: Please refer to your letter of May 10, 1930, in reply to ours of May 8th. We find we have never received a broker's pledge signed by Hancock & Daub, Pittsburg, Pa. Will you please trace these people again for a pledge?

Thanking you for your cooperation, we are,

Yours very truly,

THE SUGAR INSTITUTE, INC.,
SEYMOUR I. STILLMAN.

Handwritten notation: 8/27/30.
Mr. Howe showed us a wire from Hancock & Daub, agreeing to pledge, to be followed by confirmation. Cannot locate pledge anywhere. Mr. Daub in Europe. Pledge actually rec'd and returned. 9/12/30.

(Institute files.)

2042 *Government Exhibit 86*

(Letterhead of The Sugar Institute, Inc.)

NEW YORK, *May 8, 1930.*

AMERICAN SUGAR REFINING CO.,
117 Wall Street, New York, N. Y.

Re: Brokers' pledges

GENTLEMEN: We have gone through our records very carefully to pick out those brokers whom our records indicate you are still using and from whom we have not received a signed pledge. Will you please go over the list below and if there are any of them whom you have discontinued, will you so advise us and let us know the status of the agreements for the others.

City	State	Broker
Los Angeles	California	Mailliard & Schmiedell.
Jacksonville	Florida	James J. Mott.
West Palm Beach	Florida	Bonacker Brothers.
Augusta	Georgia	J. P. Keenan & Co.
Chicago	Illinois	W. H. Edgar.
Fort Wayne	Indiana	M. W. Fay.
Indianapolis	Indiana	W. H. Scott Company.
Fort Dodge	Iowa	F. T. Hagan Brok. Co.
Kansas City	Missouri	Griffith Brokerage Co.
Buffalo	New York	Geo. A. Mendes Co.
New York	New York	D. C. Edsall.
New York	New York	Charles Moller.
New York	New York	T. H. Talcott.
Charlotte	North Carolina	W. M. Blanton.
Raleigh	North Carolina	N. L. Ballance.
Wilmington	North Carolina	Foote Bros. & Co.
Wilmington	North Carolina	H. L. Fennell.
Harrisburg	Pennsylvania	Frank A. Smith & Co., Inc.
Philadelphia	Pennsylvania	Lamborn & Co.
Philadelphia	Pennsylvania	Turner Brothers.
Nashville	Tennessee	Aubrey O. Maxwell.
Houston	Texas	Crausbay & Alexander Co.
Danville	Virginia	D. E. Graham & Co.
Bluefield	West Virginia	Lacy Bros. & Co.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

(Institute files.)

[Copy]

2043 *Government Exhibit 87*

MAY 14, 1930.

Mr. R. S. STUBBS:

Referring to the attached communication from the Sugar Institute relative to brokers' pledges, I beg to submit to you the status of each case referred to us by them:

Los Angeles, California, Maillard & Schmiedell: In controversy, the facts of which, I believe, Mr. Murphy advised you—pending settlement, we are not accepting any business thru them.

Jacksonville, Florida, James J. Mott: We have no record whatsoever of this broker representing either us or Franklin.

West Palm Beach, Florida, Bonacker Brothers: This office discontinued Jan. 1, 1930. Business continued from their Miami office from which we received agreement and forwarded to Institute March 31, 1930.

Augusta, Georgia, J. P. Keenan & Co.: No longer represents us. Discontinued March 12, 1930.

Chicago, Illinois, W. H. Edgar & Son: No separate agreement obtained from Edgar's Chicago office, as W. H. Edgar & Son, Detroit, submitted one agreement covering his own direct branches.

Ft. Wayne, Indiana, M. W. Fay: Discontinued May 1929.

Indianapolis, Indiana, W. H. Scott Company: Discontinued August 1929.

Fort Dodge, Iowa, F. F. Hagen Brok. Co.: Agreement sent to Institute May 7, 1930.

Kansas City, Missouri, Griffith Brokerage Co.: Agreement sent to Institute May 14, 1930.

(Institute file.)

2044 Buffalo, New York, Geo. A. Mendes Company: Discontinued September 1929.

New York City, N. Y., Charles Moller, T. H. Talcott: Will not require pledges. All business will be placed thru A. May, for whom we filed pledge March 31, 1930.

D. C. Edsall: Will send this broker pledge. Did not receive one previously, as we did not do any business with him.

Charlotte, North Carolina, W. M. Blanton: Recently appointed subbroker for Foote Bros., Norfolk, Va. Will file pledge with Institute May 20th.

Raleigh, North Carolina, N. L. Ballance: Appointed April 25th. Bonding Company will not bond them, and we are discontinuing them immediately.

Wilmington, North Carolina, Foote Bros. & Company: This broker located in Norfolk, Va. (pledge filed for Norfolk March 31, 1930). Has no branch at Wilmington, N. C.

H. L. Fennell: Appointed April 25, 1930. Will file with Institute May 15, 1930.

Harrisburg, Pennsylvania, Frank A. Smith & Co., Inc.: One agreement signed by Frank A. Smith & Company, Philadelphia, Pa., to cover all branches and sent to Institute March 31st.

Philadelphia, Pennsylvania, Lamborn & Company, Turner Brothers: Agreements sent to Institute March 31st.

Nashville, Tennessee, Aubrey O. Maxwell: Have no record whatsoever of this broker.

2015 *Houston, Texas*, Crausbay & Alexander Co.: Agreement sent to Institute March 31, 1930.

Danville, Virginia, D. E. Graham & Company: Agreement sent to Institute May 12, 1930.

Bluefield, West Virginia, Lacy Bros. & Company: Agreement sent to Institute March 31, 1930.

I will be very pleased, if you so wish, to take this entire list over to the Institute and go over these matters with Mr. Fisher, as I think we can straighten them out very quickly to the Institute's satisfaction.

H. G. HALLBERT.

(Institute files.)

2046 *Government Exhibits 77–82, Inclusive, 84–85, 88–92, Inclusive*

Exhibits 77, 79, 81, 84, 88, 90, and 92 (filed with the Clerk of the Supreme Court in lieu of printing) are letters similar to Exhibits 75 and 86, from the Institute to Henderson, Arbuckle, Revere, Texas, Pennsylvania, and National inquiring concerning brokers' pledges from brokers used by these refiners. Exhibits 78, 80, 82, 85, 89, and 91 are replies of these refiners to the Institute, and are similar to Exhibit 76.

2047 *Government Exhibit 93*

(Letterhead of Spreckels Sugar Corporation)

NEW YORK, *July 22, 1930.*

THE SUGAR INSTITUTE,
129 Front Street, New York City.

GENTLEMEN: We enclose herewith Broker's Agreements & Pledges which have been signed and acknowledged by a notary public for the following:

Garibaldi & Company, Charlotte, N. C.
Frank R. Parks & Brother, Lexington, Ky.
The B. F. Close Company, Cincinnati, Ohio.

Very truly yours,

SPRECKELS SUGAR CORP.,
By M. MYERS.

(Institute files.)

2048 *Government Exhibit 94*

[Copy]

AUGUST 22, 1930.

Mr. I. H. KEMPNER,
Imperial Sugar Company, Sugar Land, Texas.

Re: Broker's pledge

DEAR MR. KEMPNER: We have never received a Broker's Pledge signed by James Hutchison & Sons, St. Louis, Mo. Will you please trace them again for a pledge?

Thanking you for your cooperation, we are,

Yours very truly,

THE SUGAR INSTITUTE, INC.,
SEYMOUR I. STILLMAN.

(Institute files.)

2049 *Government Exhibit 95*

(Letterhead of Imperial Sugar Company)

SUGAR LAND, TEXAS, *August 27, 1930.*

MR. SEYMOUR I. STILLMAN,
The Sugar Institute, Inc., 129 Front St.,
New York, N. Y.

DEAR MR. STILLMAN: Replying to your letter of August 22d, addressed for the attention of Mr. I. H. Kempner, relative to broker's pledge of James Hutchinson & Sons, St. Louis, Mo.:

Please be advised that these parties have been discontinued as brokers for us in that territory.

Yours very truly,

W. M. HALL,
Sales Manager.

(Institute files.)

2050 *Government Exhibit 96*

(Letterhead of Western Sugar Refinery)

SAN FRANCISCO, CALIF., *April 28, 1931.*

In reply to 1790, 190–R.
THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, New York.

GENTLEMEN: Effective April 24th, Alfred M. Roth & Company, 834 Pierce Building, St. Louis, Missouri, will represent us for the sale of "SEA ISLAND" sugars in that territory.

We are having them sign a Brokers' Pledge, copy of which will be forwarded to you within a few days.

Please add their name to your mailing list, and also forward them a complete copy of the Code of Ethics to date, likewise listing them for future supplements.

Will you also remove from your mailing list, as representatives of "SEA ISLAND" sugars, the name of James Hutchinson & Sons, St. Louis?

Very truly yours,

M. R. OBITZ,
Ass't. Sales Manager.

(Institute files.)

2051 *Government Exhibit 97*

[Copy]

DECEMBER 1st, 1930.

Mr. THOMAS OXNARD,
Savannah Sugar Refining Corp'n.,
Savannah Bank & Trust Co. Bldg.,
Savannah, Ga.

DEAR SIR: We would call your attention to the fact that we have not received from you Broker's Pledges signed by the following brokers:

Henry Wachter, Cullman, Alabama, discontinued 12/4/30.
W. R. Orr & Company, Danville, Ill., discontinued 12/4/30.
Chandler-Courtright, Cedar Rapids, Iowa.
Gilbert Yaeger, Helena, Arkansas.

In your letter of October 30th, in reply to our letter of October 9th, you stated that you were tracing these brokers for a Pledge, and we would therefore ask that you again follow up the matter.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
SEYMOUR I. STILLMAN.

(Institute files.)

2052 *Government Exhibit 98*

(Letterhead of Savannah Sugar Refining Corporation)

SAVANNAH, GA., *Dec. 4, 1930.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

(Attention Mr. Seymour I. Stillman.)

GENTLEMEN: We have your letter of December 1st with reference to Brokers' Pledges. You may strike off our list of brokers the names of Henry Wachter, Cullman, Alabama, and W. R. Orr & Company, Danville, Illinois.

In regard to the other two brokers' names you mention, namely: Chandler-Courtright, of Cedar Rapids, Iowa, and Gilbert Yaeger, of

Helena, Arkansas, we are again today requesting them to sign and send to us by return mail signed copy of this Pledge. We shall immediately upon receipt of these forms mail them to you.

Very truly yours,

THOMAS OXNARD,
Vice President.

(Institute files.)

2053 *Government Exhibit 99*

[Copy]

JANUARY 30, 1931.

Mr. THOMAS OXNARD,
Savannah Sugar Refining Corpn.,
Savannah Bank & Trust Co. Bldg.,
Savannah, Ga.

Re Brokers' pledges

MY DEAR MR. OXNARD: In your letter of December 4, 1930, in reply to ours of December 1st, you stated that you were requesting the following brokers to sign Pledges for you:

Chandler-Courtright, Cedar Rapids, Iowa, discontinued.
Gilbert Yaeger, Helena, Arkansas, discontinued.

May we call your attention to the fact that we have not as yet received these Pledges and ask that you investigate.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
SEYMOUR I. STILLMAN.

(Institute files.)

2054 *Government Exhibit 100*

(Letterhead of Savannah Sugar Refining Corporation)

SAVANNAH, GEORGIA, *February 3, 1931.*

Mr. SEYMOUR I. STILLMAN,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR MR. STILLMAN: Referring to your letter of January 30th, you may remove from our list of brokers Chandler-Courtright, Cedar Rapids, Iowa, and Gilbert Yaeger, Helena, Arkansas.

Yours very truly,

THOMAS OXNARD,
Vice President.

(Institute files.)

2055 *Government Exhibit 101*

JULY 30, 1931.

Mr. GEO. E. KEISER,
Pres. Colonial Sugars Company,
136 Front Street, New York, N. Y.

DEAR SIRS: We thank you for your letter of July 29, 1931, advising us that the Ford & Salinger Brokerage Company of St. Louis no longer represent you in that territory, and that you have appointed Parker-Hoffman as your representatives there.

Will you kindly secure from them a Broker's Pledge and file same with us? Will you also please advise us of their street address so that we may send them a copy of the Institute Code of Ethics and Interpretations?

Very truly yours,

THE SUGAR INSTITUTE, INC.
S. I. STILLMAN.

Handwritten notation:
Colonial's letter, dated 7/29/31, referred to, is filed under complaint file B-95.
(Institute files.)

2056 *Government Exhibit 102*

[Copy]

GEORGE E. KEISER COMPANY,
New York, N. Y., March 31, 1930.

W. J. MCCAHAN SUGAR REF. & MOL. CO.,
101 South Front Street, Philadelphia, Pa.

GENTLEMEN: Attached hereto please find broker's agreement which has been duly signed by Mr. Keiser. This covers our main office here in New York and our branch offices at Toledo, Detroit, Fort Wayne, Chicago, and Milwaukee.

Yours very truly,

GEORGE E. KEISER COMPANY.
Per: ROSWELL TRUMAN.

(Institute files.)

2057 *Government Exhibit 103*

Purchase Contract No. 249

THE COCA-COLA COMPANY,
PURCHASING DEPARTMENT,
Atlanta, Ga., December 19, 1928.

Seller: STERLING SUGARS, INC.,
Franklin, Louisiana.

The Coca-Cola Company, hereinafter called "Buyer", has today bought of you, hereinafter called "Seller", and you have sold The Coca-Cola Company:

Goods: Standard fine granulated cane sugar.
Quantity: A minimum of 250,000 bags-----100 lbs.
A maximum of 560,000 bags-----100 lbs.
Price: 5¢ per lb., f. o. b. cars or barges, Franklin, Louisiana.
Remarks: See reverse side, which is made a part hereof.

2058 The refined sugar to be withdrawn or to be taken and paid for by Buyer upon receipt of shipping papers as follows:

	Bags		Bags
January 1929	15,000	July	68,000
February	13,000	August	65,000
March	23,000	September	60,000
April	60,000	October	45,000
May	64,000	November	43,000
June	68,000	December	36,000

or in proportion to the total amount ordered. The quantity between the minimum of 250,000 100-pound bags and the maximum of 560,000 100-pound bags to depend upon the quantity of raws purchased. Reasonable notice of the amount required to be given by Buyer from time to time by communicating with Seller at its place of business at Franklin, Louisiana.

It is understood that this contract is based upon Seller's ability to buy raw sugars, duty paid, at not over 3.96 f. o. b. Franklin, Louisiana. Seller is to have until January 10, 1929, in which to make its purchases of raw or to provide therefor, and in the event that Buyer receives no notification, it is understood that Seller has purchased the raw and this contract is in full force and effect. If Seller is unable to purchase the raw sugars as above provided, then in that event the contract is not to be of force and effect.

In the event that Seller desires Buyer to aid in the financing of the purchase of the raw sugars, Buyer will aid in the purchase by advancing money on bonded warehouse receipts for said saw sugar, and on any aid given by Buyer, Seller is to pay interest at the rate of five (5) percent per annum, the bonded warehouse to be subject to the approval of Buyer. In no event is the aid to be given by Buyer to exceed $1,250,000.00; and if Buyer does aid in so financing, then Buyer is to transfer the warehouse receipts to Seller that it receives upon Seller's paying Buyer the value of the raw sugars withdrawn by it.

2059 *Government Exhibit 104*

[Copy of letter from Sterling Sugars, Inc.]

FRANKLIN, LA., *Dec. 31, 1928.*

Mr. J. O. DOUGLAS, Secretary,
Domestic Sugar Bureau, 120 S. La Salle St.,
Chicago, Ill.

DEAR MR. DOUGLAS: We are about to enter into a contract with a manufacturer to produce Granulated Sugar for his account. This contract will not cover our maximum production, and we are desirous of selling our surplus production to the trade, as has been our practice on our entire production during the past several months.

We will be operating on Raw Sugars purchased either from Cuba, Porto Rico, or the Philippines.

Will you please advise whether the making of this toll contract on a portion of our production, and the selling of the balance of our production to the trade, would be in violation of any of the ethical rules of your Bureau, and oblige,

Yours very truly,

(Signed) C. D. KEMPER,
General Manager.

(Institute files.)

2060 *Government Exhibit 106*

[Via air mail]

OGDEN, UTAH, *Jan. 10, 1929.*

Mr. C. D. KEMPER,
Sterling Sugars, Inc., Franklin, La.

DEAR MR. KEMPER: Your letter of December 31st concerning tolling contracts reached me at Ogden, Utah, and I hasten to send reply from here.

The Bureau has not as yet specifically mentioned tolling contracts in its Code of Ethics interpretations. However, if this activity on the part of any of our members would result in discrimination between customers, then it is condemned. See Code of Ethics, page 2, Section 1, which reads:

"All discriminations between customers should be abolished."

The Code of Ethics, in different paragraphs, emphasizes that trade practices, unless uniformly employed with all customers, are discriminatory.

For your information, I quote below excerpt from Sugar Institute Code Rulings No. 3, dated November 26, 1928:

"*Tolling Contracts.*—Any contract or agreement entered into by a member of the Institute by which a manufacturer, jobber, or other buyer or user of sugar is enabled to obtain refined sugar at a price

other than the open prices as announced from time to time by refiners is discretionary and is condemned by the Code of Ethics."

Trusting this information fully answers your request, I am,

Very truly yours,

J. O. DOUGLAS,
Secretary Domestic Sugar Bureau.

(Institute files.)

2061 *Government Exhibit 107*

[Postal Telegraph]

NEW YORK, N. Y.

DOMESTIC SUGAR BUREAU,
120 South La Salle, St., Chicago, Ill.:

Reported that Sterling Sugars Limited of Franklin, Louisiana, member of bureau, have just entered into contract with Coca-Cola Company for sugar at fixed price for delivery between now and end of June Stop. Are we correct in believing that this is contrary to your code of ethics?

THE SUGAR INSTITUTE.

(Institute files.)

2062 *Government Exhibit 108*

[Western Union]

CHICAGO, *January 14, 1929.*

STERLING SUGARS, INC.,
Franklin, La.:

Have been informed that your company has just entered into contract with Coca-Cola Company for sugar at fixed price for delivery between now and end of June Stop. Please see code of ethics, section three, paragraph i Stop. Wire reply.

J. O. DOUGLAS.

(Institute files.)

2063 *Government Exhibit 109*

[Western Union]

CHICAGO, *January 14, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City:

Have wired Sterling Sugars, Limited, for facts, calling their attention to code of ethics, section three, paragraph i.

J. O. DOUGLAS.

(Institute files.)

2064 *Government Exhibit 111*

[Western Union]

CHICAGO, *January 15, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City:

Following from Sterling Sugars, Incorporated: Quote Mister Kemper out of town Stop. Referring your wire fourteenth to him unquote.

J. O. DOUGLAS.

(Institute files.)

2065 *Government Exhibit 112*

[Western Union]

FRANKLIN, LA., *January 15, 1929, 10:15 A. M.*

J. O. DOUGLASS,
Secty., Domestic Sugar Bureau,
1602 State Bank Bldg., 120 South La Salle St.:

Mr. Kemper in Washington Stop. He submitted question of toll contract to you for fuling and received no reply Stop. As you have raised question of ethicallity at this late date, please accept our resignation as members Domestic Sugar Bureau pending further discussion.

STERLING SUGARS, INC.

(Institute files.)

2066 *Government Exhibit 114*

JANUARY 15, 1929.

Mr. C. D. KEMPER,
Sterling Sugars, Inc., Franklin, La.

DEAR SIR: In your wire today resigning as member of the Bureau, you stated that you had received no reply to your request concerning Tolling contracts. Enclosed herewith is confirmation of letter written you in Ogden, Utah, and sent via air mail on the same date.

Yours very truly,

J. O. DOUGLASS, *Sec'y,*
DOMESTIC SUGAR BUREAU.

(Institute files.)

2067 *Government Exhibit 115*

AMERICAN SUGAR CANE LEAGUE OF THE U. S. A.,
HOUMA, LA., *March 27, 1929.*

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau,
120 S. LaSalle St., Chicago, Ill.

DEAR MR. DOUGLAS: Since returning from Chicago I have endeavored to get to the bottom of the difficulty leading to the recent resignation of the Sterling Sugars, Inc., from the Domestic Sugar Bureau.

In a conference with Mr. Kemper, he states that the file, which you were kind enough to mail to Ernest A. Burguieres, is not complete, and I am therefore writing to ask you to kindly furnish me with a copy of the full correspondence that occurred between you and Sterling Sugars, Inc., in connection with Sterling's withdrawal and in connection with that Company's alleged violation, or proposed violation of the Code of Ethics of the Bureau. Also please send me a specific statement of the violations of the Code of Ethics of the Bureau which the Bureau claims Sterling Sugars to have committed; in other words, just what is Sterling Sugars supposed to be guilty of?

Both Mr. Burguieres and I, as members of the Bureau's Board of Directors, residing in this territory, desire to do everything we can to bring about an adjustment of any difficulties that may arise locally. We hope to see the good features of the Bureau intensified and its work made more effective.

We hope you will give us the information asked for above so that we can be secure in whatever attitude it may be necessary for us to assume in discussing the Sterling case with Mr. Kemper.

With best wishes, I remain,

Yours sincerely,

D. W. PIPES.

D. W. Pipes, Jr/d. Copy to Mr. E. A. Burguieres, and to American Sugar Cane League.

(Institute files.)

2068 *Government Exhibit 116*

MARCH 30, 1929.

Mr. D. W. PIPES,
American Sugar Cane League,
New Orleans, Louisiana.

DEAR MR. PIPES: Regarding yours March 27th.

The file I sent Mr. Burguieres pertaining to resignation of Sterling Sugars, Inc., was supposed to have been a copy of the complete file. I personally did not check each letter and telegram to determine this fact, but when Mr. Burguieres asked if he might have a copy of the file and offered his kind assistance to try and straighten the mat-

ter out for the good of the entire sugar industry, I told him that I had a copy of the file on hand and would send it to him. It was this copy which was mailed, and if any part of the file was omitted, it certainly was unintentional. All of us in this office have gone through our complete files today, and herewith enclose copies of all correspondence on this subject. Will you kindly let me know what part was missing in the copies first mailed to Mr. Burguieres? I certainly regret if anything of importance bearing on this case was not included.

Regarding Code of Ethics violation, I first call your attention to Mr. Kemper's original letter, in which he asked if the making of a toll contract on a portion of his production and the selling of the balance of his production to the trade would be in violation of any of the ethical rules of the Bureau.

My reply from Ogden, Utah, dated January 10th, clearly stated that the Bureau up to that time had not specifically mentioned tolling contracts in its Code of Ethics interpretations, but that if this activity on the part of any of our members would result in discrimination between customers, then it was condemned, and I referred to Code of Ethics, Page 2, Section 1, which reads:

"All discrimination between customers should be abolished."

I also quoted the Code of Ethics ruling of the Sugar Institute concerning tolling contracts. Naturally, an Institute Code of Ethics ruling has nothing to do with the Bureau, but I wanted to post Mr. Kemper regarding the activities of Institute members on this subject.

I heard nothing more about the activities of Sterling Sugars, Inc., until January 14th, when the Institute wired that it had been reported to them that Sterling Sugars had entered into a long-term contract with coca cola for sugar at a fixed price for delivery up to the end of June. I did not connect this with tolling arrangement but assumed, if the report were correct, it amounted to viola-
2069 tion of Code of Ethics, Section 3, Paragraph (i). I did not accuse Sterling Sugars of violation but merely wired them the report as received by the Bureau calling their attention to the specific paragraph in the Code of Ethics and asked them for a reply. Their reply was in the form of a resignation, as the enclosed file will indicate.

Personally, I should like to be informed regarding the arrangement Sterling Sugars have with the coca-cola people. I have heard several different stories but nothing from Sterling Sugars direct except their original letter, which was lacking insofar as detailed information was concerned.

Trust that I have fully answered your requests and with kindest regards, I remain,

Yours very truly,

J. O. Douglas, *Executive Secretary.*
Domestic Sugar Bureau.

(Institute files.)

2076 *Government Exhibit 117*

[Western Union]

NEW YORK, N. Y., *Jan. 7, 1928.*

ALBERT PRITCHARD,
Coca Cola Co., Atlanta, Ga.:

In conformity with the code of ethics adopted by the Sugar Institute today on new business taken on and after Monday, January ninth, we shall make no allowances or concessions for any reason whatsoever on our open publicly announced prices.

JAMES F. BROWNLEE.

8:02a.

2071 *Government Exhibit 118*

Purchase contract No. 280

THE COCA-COLA COMPANY,
PURCHASING DEPARTMENT,
Atlanta, Ga., July 9, 1929.

Seller:
HERSHEY CORPORATION,
Hershey, Penna.

The Coca-Cola Company, hereinafter called "Buyer", has today bought of you, hereinafter called "Seller", and you have sold The Coca-Cola Company:

Goods: Standard fine granulated cane sugar.

Quantity: 100,000 bags—100 lbs. net of sugar per bag.

Price: 5¢ per lb. F. O. B. Buyer's plant at Baltimore, Md., and Brunswick, Ga.

Terms: 2% for cash in seven (7) days after date of invoice.

Delivery: 60,000 bags for Atlanta, Ga., for shipment from port of Brunswick; railroad routing to be subject to Buyer's instructions; 40,000 bags for delivery F. O. B. Buyer's plant at Baltimore, Md.

Conditions: It is understood and agreed that the Hershey Corporation will store this sugar for us at Brunswick, Ga., and Baltimore, Md., in bond, at the rate of 1¢ per bag per month from August 9, 1929, to February 9, 1930. The Hershey Corporation further guarantees that these sugars shall meet our specifications as outlined above on February 10, 1930.

THE COCA-COLA COMPANY,
By ALBERT PRITCHARD,
Purchasing Agent.

2072 *Government Exhibit 119*

Purchase contract No. 83

THE COCA-COLA COMPANY,
(Hereinafter known as Buyer),
Atlanta, Ga., May 6, 1926.

To: IMPERIAL SUGAR COMPANY,
Sugar Land, Tex.
(Hereinafter known as Seller).

We have today bought of you, and you have sold us:

Goods: Standard fine granulated cane sugar:

Quantity: Buyer's requirements for its factory at Dallas, Texas, for year 1927, estimated at 25,000 barrels—average 360 lbs. net of sugar per barrel.

Price: 6.12¢ per lb. Delivered Buyer's plant, Dallas, Texas.

Terms: Net seven (7) days from date of delivery.

Delivery: As wanted by Buyer. Buyer's call, during year 1927.

Specifications: In barrels. Of quality acceptable to Buyer—same quality as heretofore furnished Buyer by Seller.

THE COCA-COLA COMPANY,
By ALBERT PRITCHARD,
Purchasing Agent.

2073 *Government Exhibit 120*

Purchase contract No. 133

THE COCA-COLA COMPANY,
PURCHASING DEPARTMENT,
Atlanta, Ga., February 19, 1927.

Seller:
SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga.:

The Coca-Cola Company, hereinafter called "Buyer", has today bought of you, hereinafter called "Seller", and you have sold The Coca-Cola Company:

Goods: Standard fine granulated cane sugar.

Quantity: 5,000 barrels, averaging 350 pounds net of sugar per barrel.

Price: 6.00¢ per lb.

Terms: 2% for cash in seven (7) days from date of shipment.

Delivery: At Buyer's call; but final delivery on or before June 1, 1927. Delivery to be in barrels; but any part to be delivered in bags, at Buyer's option.

THE COCA-COLA COMPANY,
By ALBERT PRITCHARD,
Purchasing Agent.

2074 *Government Exhibit 121*

Purchase contract No. 147

THE COCA-COLA COMPANY,
PURCHASING DEPARTMENT,
Atlanta, Ga., July 20, 1927.

Seller:
IMPERIAL SUGAR COMPANY,
Sugar Land, Tex.:

The Coca-Cola Company, hereinafter called "Buyer", has today bought of you, hereinafter called "Seller", and you have sold The Coca-Cola Company:

Goods: Standard fine granulated cane sugar.

Quantity: Buyer's requirements for its factory at Dallas, Texas, for the year 1928, estimated at 36,000 barrels, average 360 lbs. net of sugar per barrel.

Price: 6.20¢ per lb., delivered Buyer's plant, Dallas, Texas.

Terms: Net seven (7) days from date of delivery.

Delivery: As wanted by Buyer. Buyer's call, during year 1928.

THE COCA-COLA COMPANY,
By ALBERT PRITCHARD,
Purchasing Agent.

2075 *Government Exhibit 122*

Purchase contract no. 149

THE COCA-COLA COMPANY,
PURCHASING DEPARTMENT,
Atlanta, Ga., August 6, 1927.

Seller:
SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga.

The Coca-Cola Company, hereinafter called "buyer", has today bought of you, hereinafter called "seller", and you have sold The Coca-Cola Company:

Goods: Standard fine granulated cane sugar.

Quantity: 10,000 bags, 100 lbs. net of sugar per bag, or its equivalent in barrels.

Price: 5.75¢ per lb.

Terms: 2% for cash in seven (7) days from date of shipment.

Delivery: For prompt shipment beginning August 15th. Delivery to be one-half of quantity covered by this contract in double sugar bags and one-half in barrels.

2076 *Government Exhibit 123*

Purchase contract no. 150

THE COCA-COLA COMPANY,
PURCHASING DEPARTMENT,
Atlanta, Ga., August 9, 1927.

Seller:
GODCHAUX SUGARS, INC.,
New Orleans, La.

The Coca-Cola Company, hereinafter called "buyer", has today bought of you, hereinafter called "seller", and you have sold The Coca-Cola Company:

Goods: Standard grade granulated cane sugar.

Quantity: 30,000 bags—100 lbs. net of sugar per bag.

Price: 5.625¢ per lb. f. o. b. cars or barges, seller's refinery, Reserve, La.

Terms: 2% 15 days after date of shipment, on barge shipments; 2% 7 days after date of shipment, on rail shipments.

Delivery: 10,000 bags, or its equivalent, per month during August, September, and October, 1927; to be shipped to buyer's plant, Atlanta, Ga.

2077 *Government Exhibit 124*

Purchase contract no. 330

THE COCA-COLA COMPANY,
PURCHASING DEPARTMENT,
Atlanta, Ga., March 7, 1930.

Seller:
HERSHEY CORPORATION,
Hershey, Penna.

The Coca-Cola Company, hereinafter called "buyer", has today bought of you, hereinafter called "seller", and you have sold The Coca-Cola Company:

Goods: Standard fine granulated cane sugar.

Quantity: 500,000 bags—100 lbs. net of sugar per bag.

Price: 4.75¢ per lb. ex warehouse Gulf or Atlantic port.

Terms: 2% for cash in seven (7) days after date of invoice.

Delivery: 50,000 bags per month beginning March 1930, to be distributed until further notice, as follows: 20,000 bags per month to Baltimore, Md.; 10,000 bags per month to Brunswick, Ga.; 20,000 bags per month to New Orleans, La.

2078 *Government Exhibit 125*

Contract not containing specifications (original—buyer's copy)

For seller's information only. Broker or salesman, J. F. Brownlee. Sales dept's file of March 9, 1928.

Buyer: Coca-Cola Company, Atlanta, Georgia, agrees to buy from The American Sugar Refining Company and the latter agrees to sell to such buyer 35,000 100-pound bags, or equivalent (computed as indicated herein) of refined cane sugar at basis price of 5.05 cents per pound.

Delivery to be made within thirty days from contract date.

2079, 2080 *Government Exhibit 126*

Contract, not containing specifications (original—buyer's copy.)

For Seller's Information Only. Broker or Salesman, J. F. Brownlee. Sales Dept's File of March 10, 1926.

Buyer, Coca-Cola Company, Atlanta, Georgia, agrees to buy from the American Sugar Refining Company, and the latter agrees to sell to such buyer, 35,000 100-pound bags, or equivalent (computed as indicated herein), of refined cane sugar, at basis price of 5.05 cents per pound. Delivery to be made during May 1926.

2081, 2082 *Government Exhibit 127*

Contract, not containing specifications (original—buyer's copy.)

For Seller's Information Only. Broker or Salesman, J. F. Brownlee. Sales Dept's File.

Buyer, the Coca-Cola Company, Atlanta, Georgia, agrees to buy from the American Sugar Refining Company, and the latter agrees to sell to such buyer, 250,000 100-pound bags, or equivalent (computed as indicated herein), of refined cane sugar, at basis price of 5.60 cents per pound. Delivery to be made during the year 1927, buyer's call.

2083, 2084 *Government Exhibit 128*

Contract not containing specifications (original—buyer's copy)

For seller's information only. Broker or salesman, J. F. Brownlee. Sales department's file.

Buyer, the Coca-Cola Company, Atlanta, Georgia, agrees to buy from the American Sugar Refining Company, and the latter agrees to sell to such buyer, 250,000 100-pound bags, or equivalent (computed as indicated herein), of refined cane sugar at basis price of 5.60 cents per pound. Delivery to be made during the year 1927, buyer's call.

2085, 2086 *Government Exhibit 129*

Contract not containing specifications (original—buyer's copy)

For seller's information only. Broker or salesman, J. F. Brownlee. Sales department's file.

Buyer, the Coca-Cola Company, Atlanta, Georgia, agrees to buy from the American Sugar Refining Company, and the latter agrees to sell to such buyer, 50,000 100-pound bags, or equivalent (computed as indicated herein), of refined cane sugar at basis price of 5.66 cents per pound, delivery to be made during the year 1927.

2087, 2088 *Government Exhibit 130*

Contract not containing specifications (original—buyer's copy).

For seller's information only. Broker or salesman, J. F. Brownlee. Sales dept.'s file.

Buyer, The Coca-Cola Company, Atlanta, Georgia, agrees to buy from the American Sugar Refining Company, and the latter agrees to sell to such buyer, 100,000 100-pound bags, or equivalent (computed as indicated herein), of refined cane sugar at basis price of 5.70 cents per pound.

Delivery to be made after April 1928.

2089 *Government Exhibit 131*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., Jan. 13, 1928.

Refinery, Port Wentworth-Savannah, Ga.
General offices, Savannah Bank & Trust Co. Building.

Mr. ALBERT PRITCHARD,
Purchasing Agent The Coca-Cola Company,
Atlanta, Georgia.

DEAR MR. PRITCHARD: Replying to your letter of January 12th, which is in acknowledgment of our telegram to you on January 9th, this wire was sent out by all the refiners who are members of The Sugar Institute, Inc., of which we are one. We are enclosing Code of Ethics of The Sugar Institute, Inc., which is self-explanatory.

There seems to be some misunderstanding regarding the allowance made you of 5¢ per cwt., as in addition we have always paid brokerage on all sugars sold to you, and have never sold sugars to anybody without paying brokerage to a regular authorized broker. We were under the impression that you understood this.

We have also allowed you a concession of five points on barrels, as the regular differential is 5¢ above the bulk-bag basis. There have been times when we sold you from five to ten points under our published selling price.

Yours very truly,

HERBERT R. HARRIS,
Vice President in Charge of Sales.

2090 *Government Exhibit 132*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 17, 1928.

Mr. L. C. DEVER,
1400 Woolworth Building, New York, N. Y.

DEAR SIR: I have before me a copy of a letter from the Milwaukee agent of the Canada Atlantic Transit Company which you left at my office for comment.

The matter of guarantees has never been the subject of formal action or recommendation by the Sugar Institute. It arises out of competitive conditions imposed upon the members of the Institute by the action of the two California refiners of cane sugar, followed by Domestic Beet companies, which have at last been met by members of the Institute.

Since the formation of the Institute in January last these Western companies have guaranteed their prices to date of arrival in Chicago and other Western territory. This guarantee was applied by them only to rail shipments and deliveries ex-warehouse. It specifically did not apply to shipments via Mississippi-Warrior or any other barge line from New Orleans. Until last month these guarantees were not met in any form by members of the Institute.

Meantime another competitive condition was forced upon the members of the Institute by the Western companies, and that was the breaking down of the delivered prices in Chicago, Wisconsin, and Twin Cities from the seaboard price plus all-rail freight application to the seaboard price plus standard lake and rail application. This took place in May and was promptly met by members of the Institute.

The question of guarantees was fully discussed at meetings of the Institute, as several members announced their intention some weeks before they finally took action of ultimately meeting these guarantees. This discussion took the form of announcements by the various refiners as to what they intended to do, and one refiner finally submitted the detailed terms which he proposed to put in effect. I think the Institute might properly have made this the subject of a recommendation to its members, but this in fact was not done. The Minutes read:

"No action was taken as a result of this discussion, but each
2091 member reserved the right to announce his own detailed guarantee terms after further consideration."

I therefore refer you to the individual refiners who afterwards took action. Their ideas were fully expressed in the course of the discussion and I have no objection to stating what they were.

In the first place, it was the intention of the Eastern refiners to go only so far as was necessary to meet the competitive conditions originating with the Western refiners. They did not propose to

start a cut-throat competition on the subject of guarantees and particularly did not wish to take any action which would invite retaliation to the extent of a guarantee on barge shipments from New Orleans. At the same time they wanted to go far enough to enable them to sell their sugar in Chicago, Wisconsin, and Western territory against the Pacific Coast competition.

It was with this purpose in view that the refiner who made the first detailed announcement stated that his guaranteed contracts would carry the option of shipment only on the all-rail and such differential routings as were comparable in rate and in time of transit to deliveries from the Pacific Coast. Routings by the slower routes such as the Mississippi barge lines, all-water routes, and the C. A. T. Line would not be available on guaranteed contracts both *because of the time element and because their lesser rate would give the buyer a freight preference as well as a guarantee in the same contract.*

You will observe therefore, that while the time of transit was one of the elements considered it was not the only one. Of equal importance was the fact that the present delivered price basis in the territory affected was, and still is, based, so far as freight is concerned, upon the Philadelphia lake-and-rail rate. This means that all sugar shipped by a refiner to this territory is sold on the Philadelphia lake-and-rail basis. It means further, however, that any customer can order his sugar shipped by the C. A. T. Line and get it there at a price under that of any of his competitors taking refinery shipments. This is an advantage enjoyed only by customers ordering by the Mississippi barge line, the transmarine route and your own line. The service on the other two lines specified is not comparable to yours. The shorter your time of transit the greater your advantage in this respect, while your free storage facilities at Depot Harbor are, of course, unrivaled.

All this makes competition by the C. A. T. Line a cause of grave concern to those refiners who have not a corresponding route to offer their customers. It seemed to be the general opinion that if the Eastern refiners should add a guarantee to this freight preference they would not only be going beyond the competitive
2092 situation which they were trying to meet but would invite further breaking down of the rate structure by both the Pacific Coast and the New Orleans refiners in an endeavor to equalize the new condition. As all refiners are now absorbing freight on most or all of their sugars, which means that they are selling in this territory at less than cost, so far as the transportation charges are concerned, the Sugar Institute is desirous of checking further tendency in this direction.

This matter of guarantee, it will be repeated, has not been made even a recommendation by the Institute. You are free to go to any of your shippers and persuade them that their business judgment

was wrong in this respect. Their only responsibility to the Institute will be to make public announcement of any change in their present terms and conditions.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

2093 *Government Exhibit 133*

[Inter-departmental correspondence]

CANADA ATLANTIC TRANSIT CO. OF U. S.
Milwaukee, Wis., June 28, 1928

Our file 1459–W.

Mr. L. C. DEVER, G. A.,
New York City.

DEAR SIR: We have been advised by local sugar brokers that the Sugar Institute has put our line on the same basis as far as sugar guarantee is concerned as the Trans-Marine.

The reason, no doubt, for placing our line on the same basis as the Trans-Marine is that the Sugar Institute has a false impression as to our transit time from New York to Milwaukee.

Suggest that you call at the office of the Sugar Institute and give them full details as to our transit time, which as you know is about 8 days, or practically the same as the service rendered by the Great Lakes Transit Corp., rail and lake, who are enjoying special sugar terms which makes it more advantageous for buyers to order their sugar forward via the Great Lakes Transit Corpn.

I understand that the shipments moving rail and lake in connection with the Great Lakes Transit Corpn., the prices are guaranteed, in consequence of which the buyers take advantage of this and move their shipments via that line, while there is no price guarantee on sugar moving via C. A. T. Line.

If this will be corrected there is no question but what we may enjoy some of this traffic. Will you kindly advise as to the result of your interview and oblige.

Yours truly,

J. M. WIESNER, *Agent.*

2094 *Government Exhibit 134*

CANADIAN NATIONAL RAILWAYS,
Montreal, May 10th, 1928.

Mr. W. A. ANGUS,
Traffic Manager, Pennsylvania Sugar Co.,
1037 North Delaware Ave., Philadelphia, Pa.

DEAR SIR: This will acknowledge receipt of your favor of May 4th, file T. D. 15694, in regard to the anticipated movement of sugar via our Canada Atlantic Transit Company Line from Depot Har-

bour to Chicago and Milwaukee, and in reply thereto wish to say that following is the approximate schedule from New York:

Lve. New York 6.00 p. m., via C. V. Steamer.
Arr. New London 3.00 a. m. 1st day.
Lve. New London 12.45 p. m., fast Freight #491.
Arr. St. Albans 11.00 a. m. 2nd day.
Arr. Belleville 10.45 p. m. 3rd day, fast Freight 2/491.
Arr. Depot Harbor 7.00 a. m. 5th day.

The boat service from Depot Harbour to Chicago and Milwaukee provides sailings every second day, arriving Chicago next morning, or sixth day from New York, and Milwaukee second day, or seventh day from New York, but this service is not guaranteed. In the event however, of the volume of this traffic being sufficient to warrant, we would arrange special train service, as also boat service, to take care of it. This however, would necessitate the traffic coming to us in lots of twenty cars or more, in order to run special trains. Perhaps you would be good enough to advise us further on these points.

I trust that the above information will enable you to deal with the matter satisfactorily and if there is anything further that we can do, shall be glad if you will so advise.

Yours very ruly,

S. J. HUNGERFORD, *Vice President.*

2095 *Government Exhibit 135*

APRIL 28, 1928.

PENNSYLVANIA SUGAR CO.
(Attention Mr. W. A. Angus, T. M.),
Philadelphia, Pa.

C. A. T. line information

GENTLEMEN: In accordance with your telephone inquiry this morning from Mr. Dahm for C. A. T. Line schedule of trains for traffic ex New York and New London destined Chicago and Milwaukee, please note following:

The initial line from New York is Central Vermont Rwy. per Agent Van Ummersen's tariff I. C. C. 45, and operation is via C. V. steamers sailing daily excepting Sundays and holidays from Pier 29, East River, N. Y., for New London, Conn., at which point cars are loaded by C. V. Rwy. Tariff shows that route is via C. V.-Swanton-Canadian National Rwys.-Depot Harbor, Ont., thence C. A. T. Line steamers to Milwaukee or Chicago for those points and beyond. Tariff also shows that rate includes marine insurance on C. V. steamers, also C. A. T. steamers. Cargo is unloaded at New London next day after leaving New York, excepting Sundays or Holidays, and there are two scheduled manifest trains, one leaving New London at 12:45 p. m. noon and the other one a. m., and extra trains are

added according to tonnage offered. Running time New London to Depot Harbor is about 4½ days. Four C. A. T. steamers are in service which provides a sailing from Depot Harbor about every two days. Sailing time is 48 hours Depot Harbor to Milwaukee, 10 hours Milwaukee to Chicago. There are no fixed sailing dates, but the average last year with the same 4 steamers was from New York 7 and 8 days to Milwaukee, and 8 and 9 days to Chicago. Tariff will show that deliveries in Chicago for C. & N. W., also C., M. & St. P., are made via Milwaukee. Other deliveries that are made in Chicago are made by truck or rail via our Chicago dock.

For your ready reference herewith C. A. T. Line rate card which shows among other rates 47½¢ on sugar, carload minimum 60,000 pounds, New York to Milwaukee and Chicago. In C. A. T. Line sheds (C. N. Rwys.) at Depot Harbor, Ont., there is limited space for refined sugar and other commodities. The storage is free and no limit to period, excepting to be forwarded before close of navigation, and, of course, as early as possible during the season. The insurance risk while in such storage is yours, to be provided through your broker. Naturally, it is necessary that arrangements for space be made in advance to make sure same is available, and should you desire any, please communicate with me direct or through Mr. T. A. Chappell, Philadelphia, Pa., who will be glad to give you any information in his possession or obtain same concerning C. A. T. Line. We hope this inquiry will develop some tonnage via C. A. T. Line, as we are greatly in need of tonnage.

Yours truly,

_____,

General Agent.

Mr. T. A. Chappell, G. A., Grand Trunk Rwy., 1420 So. Penn Square, Phila., Pa.

2096 *Government Exhibit 136*

[Copy]

File T. D. 115694.

PENNSYLVANIA SUGAR COMPANY,
Philadelphia, Pa., May 4th, 1928.

Mr. S. J. HUNGERFORD,
Vice President Canadian National Rys., Montreal, Que.

DEAR SIR: We understand that your company own and operate the Canada Atlantic Transit Company from Depot Harbour to Chicago and Milwaukee.

We are anticipating a movement of sugar over this line, to originate at New York, routed Central Vermont Ry., Canadian National Ry., and C. A. T. Line. In order for us to make a decision in this matter we would appreciate your advising us what kind of service you could guarantee via the route mentioned; that is, give us the

exact running time from New York to Milwaukee and Chicago, enumerating the time over each carrier which is a party to this route.

Your prompt attention in this matter will be very much appreciated.

Your very truly,

PENNSYLVANIA SUGAR COMPANY,
WM. A. ANGUS, *Traffic Manager.*

2097 *Government Exhibit 137.*

[Personal]

AUGUST 20, 1929.

Mr. P. M. RIPLEY,
Traffic Manager American Sugar Refining Co.,
117 Wall St., New York.

C. A. T. Co. service

DEAR MR. RIPLEY: Referring to our conversation in your office a few days ago, and complying with your request, take pleasure in enclosing herewith statement of operation during the month of July, by which you will observe that our actual performance on 86 carloads New York to Milwaukee was 7.88 days per car, and New York to Chicago, on 85 cars, an average of 8.25 days per car, which is only slightly higher than the figures quoted you verbally during our interview; these you will probably recall were an average of 7½ days on 12 cars to Milwaukee and 8 days on 10 cars to Chicago.

We hope, in view of the information furnished, that you can *see your way clear to take the matter up with the Sugar Institute with the idea of bringing about a removal of the rule adversely affecting C. A. T. Company,* which we cannot help feeling is unfair and discriminatory and should be cancelled in the interests of the refineries as well as in fairness to us.

Any action on your part along the lines suggested will indeed be very much appreciated.

Very truly yours,

General Eastern Freight Agent.

2098 *Government Exhibit 138*

Minutes of Executive Committee Meeting of April 3rd, 1928

(Draft not approved)

The Executive Committee met in the Board Room of the National Sugar Refining Company.

Present: Mr. Post, Chairman of the Board; Messrs. Goetzinger, Hoodless, Foster, Rionda, and Keiser, Members of the Executive

Committee; Mr. Zabriskie, Executive Vice President; Mr. Ballou, Executive Secretary.

The minutes of the Executive Committee meeting of March 27th were read and approved.

The Executive Secretary reported that all members concerned had reported on commitments to discontinued consignment points and that no such commitments were now outstanding.

The Executive Secretary reported on the *attempted maintenance of the all-rail application in Chicago and other Great Lakes territory in accordance with the Code.* The Executive Committee recommended to the members of the Institute that on shipments by all-water differential routes terms of payment be 14 days after shipment, being the same terms now applicable on barge shipments from New Orleans, and that upon shipments over other differential routes at customer's request terms of payment be 10 days after shipment. (It was recognized that if the all-rail application should be broken down by all-rail shipments carrying differential route applications these terms of payment would have to be changed to meet competitive terms, so far as could be done without split billing.)

2099 The meeting adjourned until the regular meeting-day, Tuesday, April 10th, 1928.

(Sgd.) SIDNEY BALLOU,
Executive Secretary.

Government Exhibit 139

2101 *Government Exhibit 140*

GODCHAUX SUGARS, INC.,
GODCHAUX BUILDING,
P. O. Box 226, New Orleans, October 25, 1926.

W. H. EDGAR & SON,
(Attention Mr. A. W. Beebe),
Detroit, Mich.

DEAR MR. BEEBE: This will confirm our conversation of this afternoon, in which it was agreed that, beginning this week and through to December 31st, we should ship you *each week, via barge, 10,000 bags* of Standard Granulated Sugar from our Reserve factory. This sugar is to be billed on arrival at the prevailing Eastern beet basis. Terms are 2% off, 7 days from arrival. It is understood that should we find there would be too great a differential between beets and standard granulated to warrant these shipments, we have the right to cancel the arrangement by giving you a week's notice, so as not to affect the current week's shipment; you reserving the same right to cancel the arrangement if you find it is not working satisfactory to you.

As per your request, we will ship you by barge this week: 5,800 100s, burlap bags; 600 100s, single cotton bags; 3,000 4/25s; 600 10/10s; a total of 10,000 bags.

We trust this arrangement will work out mutually satisfactory. As advised you, our only reason for making such a trade is that we want to run our refinery to the end of the year to full capacity. We appreciate that during November and December the demand is slack on account of beet competition. We appreciate your cooperation in considering this transaction.

With kindest regards, both to you and the General, I am,

Sincerely yours,

CHARLES GODCHAUX.

2102 *Government Exhibit 141*

[Postal Telegraph]

NEW ORLEANS, LA., *Dec. 16, 1926.*

A. W. BEEBE,
W. H. EDGAR AND SON,
Detroit, Mich.:

We confirm agreement to ship you weekly for fifty-two weeks beginning week December twentieth equivalent ten thousand bags standard granulated, which, unless previously entered, firm will take our market basis price ten days after loading at barge-rail connecting point, agreeing that said basis will not be higher than the open selling basis of either National or American for eastern territory agreeing further in case of advance you have privilege
2103 entering firm at our basis price prior to advance all sugars

en route provided you declare yourself during day of advance basis is f. o. b. factory, no freight equalization being further agreed. You will invoice less usual two percent and a special ten cents per hundred deduction on tenth day following loading at barge-rail connecting point. Our reason for this special price concession is that should we request you to anticipate any such payments you will do so on six percent basis per annum up to $250,000 for the anticipated time as heretofore or any part or all sugar
2104 then en route for which bills lading have been furnished you as mentioned. Reason for making price basis open selling of American or national is that in fixing price on arrival for sugars not previously entered firm special prices will not govern, but the open selling price, which, as you stated, could always be determined, should govern. As agreed, contract is binding for fifty-two weeks unless cancelled by mutual agreement or in case force majeure.

CHARLES GODCHAUX,
President Godchaux Sugars, Inc.

2105 *Government Exhibit 142*

DECEMBER TWENTY-SEVENTH, NINETEEN TWENTY-SIX.

Mr. CHARLES GODCHAUX,
Godchaux Sugars, Inc., New Orleans, La.

DEAR MR. GODCHAUX: Confirming our phone conversation of the seventeenth regarding your day letter via Postal Telegraph of the sixteenth. The telegram covers our understanding of our arrangement with the following exceptions:

We are to have privilege of filing assortment to be shipped to the amount equivalent to ten thousand bags of fine granulated each week.

The price of the American, National, or Godchaux in the territory to which the sugar is being shipped is to govern in setting invoicing price.

We agree to advance up to and including $250,000.00 on sugar in transit at 80% of their value. Should Godchaux Sugars desire larger advance than the above, we will use our best efforts to secure same for them.

2106 The deal outlined in telegram does not affect our present brokerage arrangements. Our regular brokerage of ten cents per bag is to be mailed monthly on all sugars used by us.

It is understood that the lowest open selling price of any one of the three companies mentioned is to govern on call or invoicing price.

We believe that this deal will work out to our mutual satisfaction, and trust that the above corresponds with your understanding of our telephone conversation.

Yours truly,

W. H. EDGAR & SON.

2107 *Government Exhibit 143*

GODCHAUX SUGARS, INC.,
P. O. Box 226, New Orleans, December 30, 1926.

W. H. EDGAR & SON,
Detroit, Mich.

(Attention Mr. A. W. Beebe.)

DEAR MR. BEEBE: I hasten to acknowledge receipt of your letter of the 27th inst., confirming phone conversations and wires of December 16th and 17th, in reference to continuous contract for fifty-two weeks, 10,000 bags weekly.

Your confirmation agrees with our understanding, with the following exceptions:

As per your phone conversation of yesterday, we have changed paragraph seven to read "* * * at 90% of their value", instead of "* * * at 80% of their value."

We will appreciate your confirming the above, and the exchange of these letters, together with the wires, will constitute the contract, which, we hope, as you state, will work out to the mutual satisfaction of all concerned.

Yours very truly,

CHARLES GODCHAUX, *President.*

2108 *Government Exhibit 144*

JANUARY 14, 1927.

Mr. CHARLES GODCHAUX,
% Godchaux Sugars, Inc.,
New Orleans, La.

DEAR MR. GODCHAUX: Referring to your letter of December 30th.

We also confirm the change, making the amount of advance read ninety percent of their value, instead of eighty percent. I believe this covers the matter in question.

Yours very truly,

W. H. EDGAR & SON.

2109 *Government Exhibit 145*

GODCHAUX SUGARS, INC.,
1012 Masonic Temple Bldg., P. O. Box 226,
New Orleans, October 18, 1927.

Messrs. W. H. EDGAR & SON,
Detroit, Mich.

GENTLEMEN: We have your wire reading—

"Mail today your ideas cancellation clause present contract."

As mentioned to you over the 'phone, we are willing to renew the 52-week contract, either for one year or two years, with the understanding that if at any time during the life of the contract your firm

finds it advisable to cancel the contract, on account of retiring from business or through death of some member of your company, you have the right to do so. On the other hand, if our company, due to consolidation or going out of business, find it to their interest to cancel the contract, it will be agreeable to you that they do so.

As mentioned to you over the 'phone also, we are willing to agree, should you renew the contract, to discontinue offering our sugars through broker in Indianapolis.

We believe the above covers our discussion over the 'phone, and we hope that upon receipt you will advise us of your decision.

We feel that the contract has worked out very smoothly to all concerned. Of course, we didn't expect anything otherwise.

With kindest regards, we remain,

Yours very truly,

GODCHAUX SUGARS, INC.,
CHARLES GODCHAUX, *President.*

2110 *Government Exhibit 146*

GODCHAUX SUGARS, INC.,
P. O. Box 226, New Orleans, October 26, 1927.

W. H. EDGAR & SON,
Detroit, Mich.
(Attention Mr. A. W. Beebe)

DEAR MR. BEEBE: Your letter of the 21st inst. was only received this morning, the envelope showing it was delayed in the mail.

Regret we cannot agree to all the conditions mentioned in your letter.

We are willing to agree to the renewal of the contract for two years, with the right of either party cancelling as mentioned in the second paragraph of your letter.

We are also willing to give you the exclusive offering of our sugars in Michigan and in Indianapolis. We cannot, however, agree to give you the exclusive offering of our sugars in Ohio and the balance of Indiana, for the reason that we do business, as you know, at Evansville and other points in Indiana, and also some business in Ohio, such as Kroger in Cincinnati, to whom we sell largely.

We cannot agree to any other alteration to the last year's contract than the above. If you wish to offer our sugars at certain points and it does not interfere with us, we are always glad to consent, as we have done in the past. From your letter it would appear that should you offer sugars in the C. & H. territory, where they are now giving a seven point allowance, you would want us to meet that, in addition to the present *ten* and *extra five* brokerage. This, of course, we could not do. We therefore trust that you will reconsider your letter and agree to a renewal of the contract as it has run in the past year, with the changes suggested above. We believe the contract has been a satisfactory one as it is, and feel quite sure it will prove likewise in the future.

In reference to offering trade to whom you are now selling our sugars: You may rest assured if you will advise us at any time that you are doing business with certain parties who are not buying from us direct, we will be very glad, indeed, to take such steps as not to interfere with you.

We will be glad to receive your confirmation of the arrangement as outlined above by return mail, and remain,

Yours very truly,

CHARLES GODCHAUX, *President.*

2111 *Government Exhibit 147*

[Postal Telegraph]

NEW ORLEANS, LA., *Nov. 2, 1927.*

A. W. BEEBE,

W. H. Edgar and Son, Detroit, Mich.:

Agreeable make contract two years, conditions same last year, fifty-two week contract with modification regarding cancellation covered our letter November twenty-sixth and phone conversation yesterday today, namely if our basis price less ten cents special above Candh basis price less their special in their territory or above national American open selling price in eastern territory we
2112 agree. Meet respective prices or you need not take sugar, provided you declare destination forty-eight hours previous to sugar transferred to rail so we may know whether we meeting Candh or American National prices, also at same time you declare whether sugar will be taken on guarantee contract for guarantee territory guarantee ten days from date, unloading, in which case you forego the ten cents special and in lieu of same receive such special as we are allowing on guarantee contracts which at present is seven cents. If elect guarantee contract regular guarantee conditions prevailing regarding calling, et cetera. This we believe
2113 covers all points discussed and is in agreement with your views Stop. As mentioned will appreciate your increasing quantity to fifteen thousand per week and view liberal conditions above. Trust you will not object doing so.

GODCHAUX SUGARS, INC.

2114 *Government Exhibit 148*

[Postal Telegraph]

NOVEMBER 4TH, 1927.

MR. CHAS. GODCHAUX,

Pres. Godchaux Sugars, Inc., New Orleans, La.:

Referring to our phone conversation of yesterday and your letter of October twenty-sixth and day letter of November second, we agree to renewal of present fifty-two week week contract for an additional two years with the modification in the letters and wires referred to above and by changing that part of your day letter of the second

referring to applying on guaranteed contracts to be changed so that we declare not later than the tenth day after transfer at the rail-barge junction or on day of invoicing whether the contract or called sugars are to be guaranteed to that date or taken on regular terms of arrangement. Stop. In view of above guaranty privilege we agree to increase quantity ordered out on this contract to at least thirteen thousand bags or equivalent each week from May first to August fifteenth each year, and if we desire, you agree to ship up to fifteen thousand bags or equivalent during any week of the above period each year. Stop. Writing regarding few minor interpretations. Stop. This automatically cancels my letter to you of March twenty-sixth, nineteen twenty-seven, regarding shipments C. & H. territory.

W. H. EDGAR & SON.

2115 *Government Exhibit 149*

[Postal Telegraph]

NEW ORLEANS, LA., *Nov. 4, 1927.*

A. W. BEEBE,
W. H. Edgar and Son, Detroit, Mich.:

Wire received. Order there be no misunderstanding either party regarding interpretation. Wire us your idea should following occur. Stop. Market five eighty, declines five sixty, then advances five seventy, would you then call five sixty within the day we advance? Stop. Then would you decide whether to call either firm price with ten cents special or as guarantee contract? In latter event if market again declined and advanced, then would you in
2116 accordance usual guarantee contract terms call that contract firm and have guarantee cease? Stop. Of course, if no call or entry made previous to invoicing as agreed, would then be optional with you if the sugar invoiced on regular market arrival less ten points or the guarantee less seven points at market that day.

GODCHAUX SUGARS, INC.,
CHAS. GODCHAUX, *President.*

2117 *Government Exhibit 150*

[Western Union]

NEW ORLEANS, LA., *Nov. 9, 1927.*—10:21 A.

W. H. EDGAR AND SON.

Answering night letter now understand contract hundred four weeks in force beginning December first nineteen twenty-seven by which date will have completed previous contract on terms conditions our letter October twenty-sixth day latter November second. Yours ours fourth, yours eighth. Only point would like cleared, in wire from you although you mentioned over phone you so inter-
2118 preted contract is that should in case advance you enter sugars en route with privilege deciding on or before tenth day after

transfer whether guarantee contract or ma contract it is understood that should another decline and advance take place on said sugars that you previously entered you will then call making price firm and no further guarantee, which is condition of our guarantee contract. Stop. Purpose above is clarify record so there can be no doubt that there is no intention that sugars should come under what is known as a reentry contract. That is, if sugar is called at firm price 2119 irrespective action market price remains unchanged. Note we differentiate between entry and call.

GODCHAUX SUGARS, INC.

1:03 p.

2120 *Government Exhibit 151*

NOVEMBER 8, 1927.

MR. CHARLES GODCHAUX,
President Godchaux Sugars, Inc.,
New Orleans, La.

DEAR MR. GODCHAUX: After going over our exchange of wires and letters regarding the renewal of our present contract the following interpretations come to my mind.

In C. & H. territory our settlement basis is to be C. & H. open selling price as well as American and National. In the eastern territory only American or National are to govern. Your own basis, of course, goes with the above companies. C. & H. territory at the present time covers the territory where the barge rate is not over the rail rate. This territory might change from time to time as they fix its limits.

Referring to paragraph beginning with the twenty-ninth word of your day letter of the second "Namely, if our basis price", we interpret the basis price to be the basis price as established by the present contract with the addition of C. & H. as outlined in the above paragraph. A little farther along in the same paragraph "or above National—American open selling price in eastern territory, we agree", we believe that you intended to have the words "less any special" appear after selling price.

We understand that it is our option whether we take in sugars when the basis price less the ten-cent special is above the open selling price less their special of the other refiners. It is our right to take them even if the price as arrived at by this contract is higher, if we so desire.

We believe the above to be in your mind in making the contract but thought best to go over them so that we would get the same viewpoint.

We should be glad to have you advise by wire if the above meets with your ideas.

Yours very truly,

W. H. EDGAR & SON.

2121 *Government Exhibit 152*

REVERE SUGAR REFINERY,
333 Medford Street, Charlestown, Mass., December 7, 1927.

W. H. EDGAR & SON,
Detroit, Michigan.

(Attention Mr. Beebe.)

GENTLEMEN: Referring to several conversations the writer has had with your Mr. Edgar.

We will be willing to deliver you sugar in 1928 on contract calling for minimum of 1,000 bags (2 cars) or maximum of 1,500 bags (3 cars) each week.

Shipping instructions and specifications to be given not later than Wednesday of each week for shipments of that week.

Price to be our selling price in your territory either on date specifications are given or date of shipment.

Invoices to be paid for in accordance with our regular terms, 7 days from date of arrival.

On all sugars taken on this contract and paid for as specified above we would allow an additional discount of 10¢ per 100 pounds to be paid by us the first of each month.

If you care to contract for an additional amount of sugar to be taken each week from May to October, as suggested by Mr. Edgar, we would incorporate same in this contract or make an additional contract for same.

If this proposition is of interest to you, we will have formal contracts for same made out and forwarded to you.

Yours very truly,

H. E. WORCESTER.

2122 *Government Exhibit 153*

DECEMBER TENTH, NINETEEN TWENTY-SEVEN.

THE REVERE SUGAR REFINERY,
Charlestown, Mass.

(Att. Mr. Worcester.)

GENTLEMEN: We acknowledge receipt of your letter of December 7th, 1927, and accept the proposition as outlined in your letter.

During the period from May 1st to September 30th we desire the weekly shipments increased so that we have the privilege of taking a minimum of 3,500 bags or a maximum of 5,000 bags per week.

If we are able to make satisfactory transportation arrangements and you are able to make satisfactory loading arrangements, we would like to include in this arrangement the shipping to us of one barge load of sugar in May, one barge load in June, and one barge load in July. Each barge load to consist of about 30,000 bags of sugar.

Yours truly,

W. H. EDGAR & SON.

2123 *Government Exhibit 154*

GODCHAUX SUGARS, INC.,
1012 Masonic Temple Bldg., P. O. Box 226,
New Orleans, January 14, 1928.

Col. C. G. EDGAR,
% W. H. Edgar & Son, Detroit, Mich.

MY DEAR COLONEL: I have not sent you a copy of the Code of Ethics, as we have so far only received a limited number and we needed them for our brokers. I take it for granted you have already received several copies from your Eastern connections. We expect another lot in within a few days. If you want any of them, I will be glad to send you some.

I was talking to Mr. Beebe this morning, and told him we hope that, as in the past, any sugars you will need in addition to the quantity coming to you under contract, you will give us preference, all things being equal; and, notwithstanding his assurance that he would, I felt confident such would be the case.

As mentioned to you over the 'phone a few days ago, *I sincerely hope on the sugars that are going to you under contract you will fully maintain the refiners' prices*, so as to cause no feeling with our competitors. Of course, the allowance you are getting would permit you to cut the prices, but believe it would be a mistake if you did so under the circumstances.

I asked Mr. Beebe this morning as to whether you had made any plans for handling sugars in the future under the Code of Ethics, and he mentioned that the question of selling for account of the refiners on a brokerage basis was being considered, the refiner billing direct to the buyer. He also mentioned this would probably necessitate the refiner carrying stock for your convenience at certain agreed points, storage charges, of course, at the cost of the refiner. This would appear to us to be in line with the Code of Ethics; and if you decide to handle sugars in that manner, we will be glad to cooperate in such markets where we could do so without interfering with our present connections. I am quite sure considerable sugar could be distributed by you in this manner, and, of course, we know that you will give preference to our brand.

I expect to be in Chicago on the 31st inst., and in New York on the 6th and 7th of February. Probably you will be in Chicago, or East, on one of those days, and we can then discuss matters further.

With kindest regards, I am,
Sincerely yours,

CHARLES GODCHAUX.

JANUARY 16, 1928.

Mr. CHARLES GODCHAUX,
1012 Masonic Temple Building, New Orleans, La.

MY DEAR CHARLIE: Yes; we have had two or three copies of the Code of Ethics, and have looked them over very carefully. Of course, this is a very hurried draft, and probably will be amended from time to time.

You may be sure that any additional sugars we need in addition to the contract will be submitted to you, and on an even basis you will have the preference that I have always given you because of the long association of your family with mine and because of my personal regard and friendship for you and yours. This preference you know you have had.

We expect to fully maintain refiners' prices. We have always thought that we did not need to have a special allowance over other selling agencies to sell sugars—that we could get just as much for our sugars as anyone else could. The only trouble in the past was that nobody knew just exactly what the other fellow was doing. This being the case, we lost a great many customers to the National Sugar Refining Company because of their allowances and special terms and arrangements. If this is wiped out, there will be no cause for cutting.

Of course, the refiners' Institute as a whole, I feel, must eventually recognize this office and its activities. If, without consultation by them in what was evidently a life and death struggle, they found it necessary to put in a Code of Ethics for the purpose of saving their own lives, and the effect of this is to endanger our livelihood, then you can hardly expect us to sit supinely by and, Japanese-like, commit hari kari. There are parts of this Code of Ethics that are absolutely based on false premises, and if they do not fall by their own weight I am perfectly satisfied that the beet people will not recognize them, and I mean by this the establishing of no quantity price. If the National Sugar Refining Company, for instance, are going to make deliveries in lots of ten, twenty-five, or fifty bags of sugar from warehouses here in Detroit at the refiners' price and expect the beet people to recognize the carload as a standard, then I am not sure that I will always acquiesce. The Government has recognized, through the Interstate Commerce Commission, the granting of party rates, and in other economic life the quantity purchaser secures extra recognition in some form or other. The present Code of Ethics with its tirade against quantity purchases at special prices can only result in additional refineries being built and still more competition.

2125 I should think the lesson the American Sugar Refining Company was taught by Arbuckle Brothers many years ago in this matter would be a sufficiently recent matter not to be forgotten.

Already I understand the president of the Great Atlantic & Pacific has announced he has eight million dollars to buy or build a refinery for his own business. This looks to me like stupidity, and I can tell you if he comes into the market for beet sugars and is willing to buy in quantities of 25,000 bags or more at a clip, we won't stand out and have him put competing beet factories around us because of any Sugar Institute or any Code of Ethics.

This letter is personal and confidential and for your own information. You have been very frank with me in yours of the 14th, and I want to be with you. We are going to play the game as long as we can. I am going to Europe on the 24th of February and am coming back about the first of April. By that time the full effect of the Sugar Institute should be developed.

Believe me,

Sincerely,

2126 *Government Exhibit 156*

[Postal Telegraph]

N. Y., *Feb. 28, 1928.*

A. W. BEEBE,
W. H. Edgar and Son, Detroit:

We have reliable reports that on Friday and Saturday last you were offering Godchaux sugar throughout Indiana at the barge rate. Understanding from General Edgar that you are willing to keep Institute informed upon subjects of this kind. We would appreciate statement as to the truth of this report.

THE SUGAR INSTITUTE, INC.

2127 *Government Exhibit 157*

[Postal Telegraph]

DETROIT, MICH., *Feb. 28, 1928.*

Judge SIDNEY BALLOU,
c/o The Sugar Institute, Inc.,
New York City:

Referring your telegram and phone, these reports absolutely untrue Stop. We have not offered any sugars at barge rate except for direct shipment for account of customers who buy sugars f. o. b. since adoption this plan Stop. We would be pleased to afford you every assistance in running down these reports.

W. H. EDGAR & SON.

3:12 p. m.

2128 *Government Exhibit 158*

[Extra copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 7, 1928.

Mr. A. W. BEEBE,
c/o W. H. Edgar & Son,
Detroit, Michigan.

MY DEAR MR. BEEBE: I hate to trouble you with complaints against Edgar & Son, particularly as you may assume that I forward them because I believe them, whereas the contrary is the truth. I have General Edgar's assurance that during his absence in Europe sugar will be sold on refiner's lists and terms, with a fair profit in other forms of distribution, so that your competitors can make a profit. With this assurance and my long personal friendship with General Edgar I am entirely satisfied.

The whole industry knows, however, that your firm is still receiving price concessions which are denied to practically every other dealer in the country, and this, of course, is a favorite subject for attack on the Institute. I feel that the Institute is on the defensive, and I want to answer these complaints as fully and fairly as I can.

I am therefore enclosing transcripts of some of the more recent complaints with facts and figures so definite that I think the refiners are entitled to an explanation. If you would give me the facts with which to answer this set of complaints, I should be greatly obliged.

With personal regards to my nephew, Mr. Ewing Duke, who I understand is in your employ, I remain,

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2129 *Government Exhibit 159*

[Copy]

MY DEAR MR. BEEBE: You may be interested in this copy of a letter which I am sending to one of your complaining competitors:

I have your memorandum of March 1st in regard to the practices of W. H. Edgar & Son and note that the original charge, that is, that Edgar was offering sugar generally through Indiana on the barge rate, is not substantiated. It does not seem important to me whether the new charge is worse or not so bad; the point is that it is different. We must, therefore, mark the first charge off as unsupported by evidence.

Now, in regard to the new charge, which is that when the basis price was 5.60 Edgar sold for Godchaux sugar at that basis less 10¢ per bag, I am ready and willing to investigate this charge; but in

view of Mr. Beebe's sweeping denial, I should like something more definite to go on. Neither the name of a buyer nor even that of a specific city is given. If it is possible to get the name of a buyer, I could promise you a very thorough investigation. Without that, you must realize that I can make very little headway.

I am, of course, keeping confidential the matter referred to in your memorandum. Even the name of your firm does not appear in the matter.

Very truly yours,

SIDNEY BALLON, *Executive Secretary.*

2130 *Government Exhibit 160*

GODCHAUX SUGARS, INC.,

10th Floor Masonic Temple Bldg., New Orleans, March 19, 1928.

Messrs. W. H. EDGAR & SON,

Detroit, Mich.

(Attention Mr. A. W. Beebe.)

DEAR MR. BEEBE: I was very much surprised to learn that you were offering sugars in Louisville, as it was distinctly understood you would not do so without our consent; and, if I remember correctly, sometime since you inquired whether you could do so, and we declined to authorize it; and we must insist upon the terms of the contract being carried out, as *otherwise we will get into trouble.*

After the Institute was formed, you will remember we discussed the situation, and both you and *General Edgar agreed that you would maintain refiners' prices.* Such being the case, we were greatly surprised when we were informed on March 16th you were selling 4/25s at 5.85, plus 515 rate, less 2%.. On the morning of March 14th the refiners all advanced to 5.85. Therefore, this sugar with fifteen points differential for 4/25s, should have been at 6¢; or, taking it for granted that the sugar was sold previous to the advance, then the price should have been, minimum, 5.90, and not 5.85.

We know the above is correct, as the purchase was made by our representative. He also tells us that your representative is selling this sugar to the retail trade, but whether at the same price or not, he was unable to say.

The above is very annoying, to say the least, as it is such acts as the above that tend towards discord and friction; and as we have assured the Institute that the sugars which we were delivering you under contract would be handled in an ethical way, we are disappointed that at this early date there should be any deviation from our understanding. Our contract with you is clear as to the distribution of the sugar in Southern territory, and we must insist upon

compliance with that part of the contract, otherwise we would feel that we would have the right to end it; and we would dislike very much being placed in that position.

We await explanation of your action in the above with interest.

Yours very truly,

GODCHAUX SUGARS, INC.,
CHARLES GODCHAUX,
President.

2131 *Government Exhibit 161*

GODCHAUX SUGARS, INC.,
1012 MASONIC TEMPLE BLDG.,
P. O. Box 226, New Orleans, February 22, 1928.

Messrs. W. H. EDGAR & SON,
Detroit, Mich.
(Attention Mr. A. W. Beebe.)

DEAR MR. BEEBE: In conversation this morning you mentioned that there was a possibility of your giving us considerable business for St. Louis. As mentioned to you, we carry quite a stock at Mounds, and will be glad to supply you from said stock, or for direct shipment.

We have at present in St. Louis Eighteen Hundred 100-lb. towel bags, and Six Hundred 100-lb. cotton bags, stored in Grocers Public Warehouse. We are wondering whether you could not use this sugar.

We did quite a large business in St. Louis previous to the existence of The Sugar Institute, Inc., on special contracts; but since we have cancelled said contracts we have done nothing; hence, this accumulation which only recently reached there. Same were on barge which was somewhat delayed. If you can possibly use this sugar, we will appreciate it.

Yours very truly,

GODCHAUX SUGARS, INC.,
CHARLES GODCHAUX,
President.

2132 *Government Exhibit 162*

[Duplicate].

FEBRUARY 9, 1928.

JUDGE SIDNEY BALLOU,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

MY DEAR JUDGE: At your suggestion, and confirming our conversation of yesterday afternoon, I want to explain that the Edgar interests in Detroit are in three very different parts.

First of all, there is the old partnership, consisting of my mother and myself under the name of W. H. Edgar & Son. This was founded in 1860 to do a general merchandise business in sugar, syrups, and

molasses. There are only two individuals interested in this institution: my mother and myself.

In 1906 it became necessary to enter the public storage business in Detroit, in order to have sufficient business to warrant building on track. Therefore I had incorporated Edgar Sugar House, keeping an old trade name which had been introduced by my grandfather. This Company has a half dozen stockholders, though my mother and I own a preponderance of the stock. It has a string of public warehouses: 9 in Detroit, under its own ownership; 1 in Toledo, Ohio; 1 at Iron Mountain, Michigan; 1 at Aubron, Indiana; and 1 at Goodland, Indiana, owned by the company. It rents warehouses and operates at Cleveland and one or two other points, such as Bay City, Michigan, and Decatur, Illinois. In states where it became necessary, we have incorporated separate storage companies. For instance, our company in Illinois is known as the Edgar Illinois Company and in Ohio as the Edgar Ohio Company.

This Company is authorized and is chartered to conduct public warehouses, and do a public warehouse business and a brokerage business in sugars, groceries, and kindred commodities. Since 1906 it has built up a storage business which consists of about one-third sugar and two-thirds general commodities. It stores sugar, from time to time, not for the account of the Edgar interests at all but on behalf of other producers and refiners, as a regular part of its storage activities on the same terms, conditions, and rates. It has collected brokerage on purchases for W. H. Edgar & Son and the Isbell Wholesale Stores. It has sold sugars for account of refiners, billed by the refiners themselves, outside of W. H. Edgar & Son, and it has sold other commodities, particularly in Michigan, hand-picked pea beans on a brokerage basis.

The third part of the activities is the Isbell Wholesale Stores.
2133 This is an outgrowth of the S. M. Isbell Company, of Jackson, Michigan, founded about 1860, and purchased by Mr. George Gordon Moore and myself about 1912 for the handling of sugar, beans, and other commodities. It is a corporation with possibly one-half dozen stockholders. They are not identical with the Edgar Sugar House, although the majority of the stock in the company is owned by myself. This company conducts a business in cash, and carry sugar, beans, coffee, and commodities of this kind. It is operated by an entirely separate personnel, and while its offices are in the same building with W. H. Edgar & Son, its interests are not in any way akin or connected.

The above, I think, gives the physical picture. As I have pointed out to you, this situation is not new; it is old. It is not the result of an effort to in any way circumvent the present situation in refined sugar. Every one of these companies has been in existence for some years prior to the World War. During the sugar crisis of 1919 the food administrators made a careful study of our activities in Detroit, and as a result approved of the situation as it then was and is today;

recognized Edgar Sugar House as public warehouses and as sugar brokers and insisted on our having a license to operate as a broker. This, at a time when the food administration was particularly desirous of constricting the activities and the number of institutions distributing sugar.

It is my understanding that the refiners desire to avoid payments of brokerage to false or extemporaneous brokerage institutions and to be sure that brokerage does not revert to the wholesale grocer or distributor, and that the brokerage is not used as a deduction in the cost of the sugar and thus reflected in the price at which the sugar is sold.

I want to assure you that Edgar Sugar House has collected brokerage in all these years past, and it has been segregated and distributed in the form of dividends to its stockholders. It has not been passed to W. H. Edgar & Son and used by them. The relations of these various companies has been given a good deal of thought and study, and it is my belief that each one of them should be able to stand on its own feet, without taking advantage of the earnings of the others. Edgar Sugar House has been on a monthly dividend basis for many years. Its earnings are distributed direct to the personal bank accounts of its stockholders. The earnings of W. H. Edgar & Son, on the other hand, are carried in the business and distributed directly to the partners on the 30th of December each year. The costs, profits, and operating expenses of each institution are kept absolutely and entirely distinct.

None of the corporations or interests involved have ever been held to be affiliated by the Government for income-tax purposes.

2134 We do not desire or propose to deviate from the Code of Ethics as outlined by the Institute as long as our activities in the distribution of sugar lie along the same lines as the refiners. We will be very glad to have complaint of any sort submitted to us for examination and report.

Very truly yours,

2135 *Government Exhibit 163*

The Sugar Institute, Inc.,
129 Front Street, New York, April 13, 1928.

General C. G. EDGAR,
c/o W. H. EDGAR & SON,
Detroit, Michigan.

MY DEAR GENERAL: I have your letter of April 6th and am answering that part of it concerning the brokerage on the business of W. H. Edgar & Son.

The matter of the relationship between this partnership and the corporation of Edgar's Sugar House, as fully stated in the memorandum which you left with me, has received very careful consideration of the Directors of the Institute. It is the universal opinion that in the matter of brokerage, so far as sugar bought for W. H. Edgar & Son or the Isbell stores is concerned, the situation falls so squarely within the prohibition of the Institute's Code of Ethics that it *could not be allowed* without nullifying the entire efforts of the Institute to maintain the ethical conditions resulting from the complete separation of brokers and buyers.

This is not even a question of two corporations having certain stockholders in common. The direct ownership of a preponderance of stock in the corporation by the partners of W. H. Edgar & Son brings the situation squarely within the code and its obvious interpretation already on record.

I should very much regret if you made this decision a reason for not *joining the Domestic Sugar Bureau* or for ceasing to support the Institute as you have so loyally done up to this time. There is scarcely a member of the Institute who cannot point to some particular loss which it has suffered through the enforcement of the Code of Ethics, but there is not one who will not admit that the particular loss in some direction is many times offset by the advantages which have accrued to the industry as a whole and to it as a participant in those advantages. This is particularly true of your own case, and I hope you will look at the matter in this spirit.

Very truly yours,

SIDNEY BALLOU, *Executive Secretary.*

2136 *Government Exhibit 164*

[Postal Telegraph]

NEW YORK, N. Y., *May 2, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

Referring to Sugar Institute recommendation that no brokerage be paid anyone interested in warehousing or merchandising sugar and that no further sugar be stored in sugar brokers or customers warehouses, we advise that we have adopted such recommendation as our policy. Stop. Brokerage will be paid on sales through brokers out of stocks now consigned to brokers warehouses. Stop.
2137 Please advise us by wire whether you and your affiliated interests desire to deal with us either as broker warehouseman or merchant. Stop. Any position taken with us must be consistent with that taken by you with any of our competitors.

C. H. WHITE, Jr.

9:05 a.

2138 *Government Exhibit 165*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 23, 1929.

GENERAL C. G. EDGAR,
W. H. Edgar & Son, Detroit, Michigan.

DEAR GENERAL EDGAR: At our last Directors' Meeting, some discussion was had regarding the irritations that have continued to grow out of the merchandising activities of your company.

This discussion resulted in my being instructed to confer with you to ascertain whether you would fix a definite date upon which your sugar merchandising activities would cease, and also to inquire of you whether your former stated intention to discontinue the Powdered Mill operations at Detroit would be carried out on January 1st.

We will appreciate your written views in the matter and be pleased to discuss them with you upon the occasion of your next visit to New York.

It is important that we have your reply prior to the next Directors' Meeting which will be on January 16th.

With kindest regards of the writer and the compliments of the Season,

Very truly yours,

FRED G. TAYLOR,
Executive Vice-Secretary.

2139 *Government Exhibit 166*

THE SUGAR INSTITUTE, INC.,
129 FRONT STREET,
New York, March 20, 1930.

General C. G. EDGAR,
W. H. EDGAR & SON,
Detroit, Michigan.

DEAR GENERAL: Your letter of March 8th in reply to our letter of February 20th was read last Thursday at the directors' meeting in connection with a discussion of other matters pertaining to your operations.

As previously stated to you, *it is the opinion of the directors* that your function as sugar broker for members of the Institute is not compatible with certain other relations which you have with the refiners' customers with whom you deal as broker. In view of this opinion on the part of the refiners, the justification for which we understand you appreciate, you previously gave us your assurance that as soon as the Godchaux contract had expired you would proceed to comply with the rulings of the Institute defining the function of brokers.

Your letter of March 8th states first of all that, instead of disposing of your powdered-sugar mills, as you had assured us you would, you plan to start them again grinding sugar for a customer of your principals, the refiners. You appreciate that, whether or not such is the case in this particular instance, this sort of relationship to a refiner's customer offers the widest opportunities for in effect splitting your commission with the customer for in effect selling the refiner's sugar to his customer at less than the price publicly quoted by the refiner. It is because of the opportunities presented by this type of situation, and because of the experience of the refiners as to the use to which these opportunties have been put in the past by brokers generally, that the refiners feel they must require their agents to carry on their brokerage businesses in the only way compatible with the principal-agent relationship; that is, they must ask their agents to deal with their customers as brokers and not in some other capacity as well. This is the usual way in which the obligations of an agent to his principal are maintained. Accordingly the Directors of the Institute have unanimously resolved that you be requested to dispose immediately of your powdered-sugar mills in accordance with your previous assurances if you are to continue to act as a broker.

The Directors have also unanimously resolved that you be
2140 requested to discontinue immediately your trucking operations, for the reasons briefly and generally outlined above with reference to your powdered-sugar mill operations, in view of the fact that you have elected to continue as broker for the refiners.

Three and a half months have elapsed since the expiration of the Godchaux contract. The Directors feel that, if you had been even ordinarily diligent in your efforts to comply with the rulings of the Institute and with your previous assurances, you would have been able to get out of the sugar-trucking business and to have cleaned up your remaining spot stocks by this time. In connection with your statement that your sugars are being invoiced to Lee & Cady and reinvoiced by them in order to avoid complaints of your competitors that your invoices are going out to the trade, we might add that Lee & Cady's name appears on the invoices in such small type that, until we pointed it out, several customers had not even noticed it. This is not the spirit in which an agent should, in good faith, deal with his principals.

In connection with your request for an interpretation of the broker's pledge, the Directors unanimously interpreted that part of the pledge to mean that the broker is obliged to report only such irregularities as might come to his attention in the handling of the sugars of the refiner for whom he executed the pledge. Accordingly, you would be required under the pledge to report violations in the handling of sugars for one of your principals only to that principal.

Please let us have your assurance that you will comply with your principals' views and the rulings of the Institute which have

resulted from them. We wish not only your general assurance but your specific assurance, with outside dates fixed, as to when you will have ceased particular operations in the sugar business beyond those pertaining to brokerage.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2141 *Government Exhibit 167*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 4th, 1930.

General C. G. EDGAR,
W. H. EDGAR & SON,
Detroit, Mich.

MY DEAR GENERAL: On December 23rd, 1929, we addressed you, at the request of our Executive Committee, asking you to advise us of the date by which you would have completed your merchandising activities.

We have received no reply to this communication, but were advised some weeks ago by one of our members that you expected to clean up all the sugars in which you had interest in ownership between the 20th and the last of January 1930.

Will you please advise us as to the facts in the matter.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2142 *Government Exhibit 168*

FEBRUARY 6, 1930.

Mr. FRED G. TAYLOR,
THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

MY DEAR FRIEND: In reply to your letter of February 4th: In accordance with the information you received through one of your members, we have ceased to invoice refined sugars. Our sugar stocks are being handled by Lee & Cady, who are invoicing the sugars as they are sold either by their organization or through the efforts of ours. Our accounts receivable are being collected as rapidly as possible. Sugars sold under our contract with the Continental Sugar Company are being invoiced on W. H. Edgar & Son invoices, but they are stamped across the invoice, as per copy attached, "For account Continental Sugar Company." Our sugar mills are shut down at the moment. They will be operated by Lee & Cady when the proper time arrives to start them. We have certain lots of sugar that

are in bad order or damaged from our spot stocks, which are being cleaned up in the above manner as well.

I do not know the exact procedure to use in making inquiries in regard to situations with which we are familiar, but I would like to know whether George E. Keiser at Milwaukee is a sugar merchant, a broker, or what, and how it is that he owns and sells from a stock of American Sugar Refining Company's sugar in that market? I think in view of the Sugar Institute's *insistence* in our case and your letters in regard to the progress we are making in cleaning up our business that we are entitled to this kind of information.

Our Mr. Beebe will be in New York very shortly and will stop in to see you to answer any questions you desire in regard to the completion of our merchandising activities that has been brought about by the Sugar Institute.

Believe me, sincerely,

2143 *Government Exhibit 169*

DETROIT, MICHIGAN, *March 8, 1930.*

MR. FRED TAYLOR,
Sugar Refiners Institute, Inc., New York, N. Y.

DEAR MR. TAYLOR: Your letter of February 20 has not been answered pending my return, as you know, until this morning. Answering your questions:

First. The powder mills are shut down and cleaned up. They will start again the middle of the month grinding Lee & Cady's sugar at a fixed rate of so much per hundred pounds. We expect to offer this fresh milled sugar as brokers and will be paid brokerage for sales we make to manufacturers and jobbers.

Second. We are hurrying in every possible way to clean up all of our remaining spot stocks. As you know, we have closed our Isbell Stores throughout the country. We have taken off all our retail salesmen, and we have cut off every possible source of distributing the remaining lots except to manufacturers or jobbers. These sugars after they are sold are being invoiced to Lee & Cady and reinvoiced by them in order to avoid complaints of your Institute members that Edgar's invoices are going out to the trade. Mr. Beebe will bring down a list of the stocks at the earliest moment possible this coming week.

Third. We are invoicing the sugars of the Continental Sugar Company on W. H. Edgar & Son invoices with "For the account of the Continental Sugar Company" stamped across the face of the bill. As you know, the Continental Sugar Company is in the hands of a receiver, and we are not only brokers but we are trustees for the First National Bank that has loaned money on these sugars, agreeing to invoice the sugars, collect the money, and turn it over to the bank. There is no subterfuge—the prices are open and the terms are also. Your representative, who is so familiar with the

court records here in Detroit, will have an opportunity to audit these matters in the records of the United States Court here if he wishes. The Continental Sugar Company has left on this loan approximately ten million pounds of sugar. These were withdrawn from the market because 4.80 net at the factory must be obtained for them to pay out the loans.

Fourth. I will not comment further on the George E. Keiser matter at Milwaukee. The report of your investigation shows on the face of it that the competition in Milwaukee is not fair, and to put our office on an even basis it would be necessary to procure some buyer to purchase other brands of sugar so that we could offer something besides the American there.

2144 Fifth. In regard to tying up the barges on the Erie canal. We have been apprized that it is rumored that we have procured the American Sugar Refining Company to charter all the available boats for the movement of their sugars only through the canal. It seems unnecessary for me to deny this statement, but I am glad to file with you an absolute denial of it.

Sixth. In regard to Childs & Company in Chicago. We have turned over to Childs our retail customers at certain points in Indiana and elsewhere without any working arrangement, without any remuneration, and without making any kind of an investment in their business whatsoever. We have been apprized that rumor in New York has it that I personally have made an investment of one-half million dollars in Childs & Company and that I had some special underground working arrangement with them. As I have just said, this is absolutely without foundation in fact. You asked me whether I contemplated making such an arrangement. I do not.

Seventh. As you and your members are fully aware, I am a stockholder, with others, in a public warehouse business here in Detroit. You are familiar with what it is doing, and this corporation does not expect to go out of business or to abandon its fleet of trucks which are doing a general cartage business on the streets of Detroit. We have frankly told you that we have been hauling sugars for the Atlantic & Pacific Tea Company at remunerative and competitive rates, and we have given you our promise that this service for the Atlantic & Pacific Tea Company will be discontinued by the storage company as soon as we can secure another trucking company to take over the work without discommoding the business here. We are in the process of making such an arrangement at the present moment.

I am loath to let this letter go without some comments. The merchandising and distributing business of W. H. Edgar & Son has been eliminated at the behest of the Sugar Refiners Institute. We are sugar brokers for this reason, and we propose as such to reach out in every possible direction and to attract as much business as we legitimately can through personal calls, friendships, or any other legitimate method. We have been used for years as the reason or the excuse for many irregularities and I suppose it will always continue.

I talked with you the other day on the oath submitted by the refiners for our signature. I would be glad if you will give me the exact interpretation of the obligation in that oath to report irregularities, explaining to you that twice we have put our fingers on matters that were in direct violation of the Code of Ethics and the Agree-
2145 ment and in both cases the results were decidedly to our disadvantage. I cannot permit reoccurrence of this kind of thing, and outside of matters that relate to the relations of buyers who are placing orders through our office and refiners who are filling them, I can take no such obligation.

Believe me,
Sincerely,

C. G. EDGAR.

2146 *Government Exhibit 170*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 20th, 1930.

General C. G. EDGAR,
W. H. Edgar & Son, Detroit, Mich.

MY DEAR GENERAL: Your letters of February 6th were received, and the contents have been discussed with our Directors. In this discussion several additional questions have arisen—some of which have been answered, at least in part and probably unofficially, by Mr. Beebe, who called at the office on the evening of the 12th. We appreciated having Mr. Beebe come in, as it gave an opportunity to get a more complete understanding of many matters about which enquiries have been directed to the Institute.

Mr. Beebe has advised us that you were disappointed in your expectations of completing your merchandizing in January, and that it may, as we recall it, take another month to clean up. He stated that most of the sugars which you still own are fragmentary stocks, part of which are bad order sugars that will have to be marketed by some special plan, or where possible brought to your mill and powdered.

Regarding the powder mills, it was the understanding of the Committee who went to Detroit in June that you expected to dispose of them when you ceased merchandizing. We understand from Mr. Beebe that no definite arrangement has been made regarding this, and your own letter does not make it clear, other than that "they will be operated by Lee & Cady when the proper time arrives to start them." We will appreciate it if you will give us a definite statement regarding your intentions in this matter.

Mr. Beebe has explained to us your situation under your contract with the Continental, and that it appears necessary to invoice sugars on your own forms as a matter of avoiding credit risks that may otherwise attach to your transactions. The practice, however, is in conflict with the interpretation of our Resolution of May 2nd, which was issued November 1st, 1929, and which reads as follows:

"The invoicing of sugar to brokers and the invoicing of sugar by brokers without disclosure of the name of the principal, will be
2147 considered merchandising within the terms of the Resolution;

"The Institute looks with disfavor on the invoicing of United States refined or manufactured sugar by brokers even when stated to be on account of a named principal, for the reason that such practice is not strictly a brokerage function, and gives rise to complaints of merchandising by competitors."

This interpretation has no reference to the clerical services performed by brokers who invoice sugars for refiners, where the invoice forms of refiners are used.

Mr. Beebe has quite fully explained the market conditions in the district where you sell beet sugar at the present time, and the difficulty of making "open terms and prices publicly announced." Will say in connection with this matter, and in reply to your enquiry on the subject, that it was not our intention to concern ourselves with the occasional car of plantation granulated that you might sell, *but rather the beet sugars* that are sold in substantial quantities in the same markets in which you are selling for Institute members. It is undoubtedly the intention of the Institute Resolution of December 7th, as subsequently amended, that you should find a way to publicly announce the terms and prices at which you sell these sugars.

Replying to your question regarding the alleged merchandising activities of George E. Keiser, will say that we have discussed the matter quite fully with Mr. Beebe, explaining that the Keiser organizations from Chicago and Milwaukee were both invited to the Institute for a complete discussion of this question. We have their definite assurance that they are merchandising no sugars—those that are handled are being purchased for the account of refiners whom they represent, and are invoiced to the refiners by the sellers, and paid for by the refiners without any intervention on the part of the broker other than that of rendering regular brokerage service. We are quite satisfied that the statement they have made in this matter is true. They have, however, expressed continued irritation with the apparent discrimination which prohibits them from doing something that other brokers are permitted to do.

In addition to the above questions—about which we have exchanged correspondence—persistent rumors reach us concerning your alleged intention of tying up the I. L. & I. boats through some indirect connection, and also that of your having established a connection with Childs, either through an investment or working arrangement with him.

2148 For the sake of putting these rumors at rest will you please advise us whether you have, either directly or indirectly—more especially indirectly—made any such connections with either of these concerns, or whether you contemplate doing so. It may seem presumptuous that we should press these questions, but we believe it

is in the best interests of all concerned that you make a definite statement regarding them.

Another item of our interview with Mr. Beebe was that concerning your trucking operations in Detroit. He informed us that you were still operating a fleet of trucks there, which conflicts with the provisions of our Resolution of May 2nd, as later amended, and copy of which was sent you some weeks ago.

Will say, in conclusion, that while Mr. Beebe has assured us that it is your intention to make full compliance with the spirit of the Institute's Code of Ethics and Resolutions in these matters, and that it is your intention to operate as exclusive brokers as soon as you can adjust your practice to the various requirements, we would like your official confirmation.

You are, of course, aware that your merchandising operations for months past—which were permitted as an exception under the Institute's Resolution of May 2nd, 1929—have been a constant source of irritation to many refiners and brokers. You will also appreciate that the irritation is being aggravated in undue proportion to the extended period of such operations.

We will appreciate a reply to the various questions herein, in such detail as you are able to give at this time, at your earliest convenience. With the kindest regards of the writer, we are

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2149 *Government Exhibit 171*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 22, 1930.

General C. G. EDGAR,
W. H. Edgar & Son, Detroit, Michigan.

DEAR GENERAL: We have discussed in detail with Mr. Beebe the various matters pertaining to your operations which were considered at the meeting of March 20th, and have told him of the views of the Committee regarding the liquidation of the 21,000-odd bags of stocks that were reported as the aggregate balance in some 39 different locations.

Referring to this, the Minutes of that meeting carry an item which reads: "The Vice Secretary was requested to advise Mr. Edgar that these stocks should be immediately liquidated."

It was pointed out in connection with this report of stocks that it did not include your stocks at Detroit. Mr. Beebe explains that the arrangement you have made with Lee & Cady was accounted as being equivalent to liquidation, but we think you would be justified only in accounting stocks liquidated when they were delivered and paid for or disposed of on definite and firm contract commitments.

One other question that Mr. Beebe raised upon the occasion of his visit here Wednesday that I failed to answer on Friday was that of the method of securing Pledges from subbrokers. This question was presented to the meeting, and that portion of the Minutes covering the matter reads as follows: "It was the unanimous opinion that the subbroker should be required to sign a pledge for each refiner whom he represented in his capacity as subbroker and that such pledge should be filed with the refiner."

It is apparent from this that your subbrokers will be expected to sign as many pledges as you sign.

Very truly yours,—

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2150 *Government Exhibit 172*

DETROIT, MICHIGAN, *March 22, 1930.*

MR. FRED TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.,
New York, N. Y.

DEAR MR. TAYLOR: I have yours of March 20. I believe Mr. Beebe has given you a complete statement of the position of our stocks during the past week. We are making every possible effort to get rid of these sugars at the present time. We are in earnest and we are just as anxious as the members of the Institute are anxious to have us to get not only the sugars cleaned up but to get our accounts receivable collected as well. You suggested to me over the telephone this morning that the refiners would take back these sugars in some cases. We will get in touch with this situation the first of next week.

In regard to the sugar mills. You, of course, realize that we have an investment in the mills, the bolters, and other machines in connection with the grinding. I am perfectly willing to lay them by for the present time but eventually we will have to find some other product than refined sugar to grind or we will have to dispose of the installation. This is not a matter to bother about at the present time. The mills are closed.

I read with interest the third paragraph in your letter in regard to the trucking operations. This will be handled in accordance with your request. I want you to know that we have made one-half dozen efforts to have the trucking business turned over to some of the trucking companies here, but it requires a great deal of equipment and none of them can take it en masse. However, if an immediate arrangement cannot be made we will notify the A. & P. Tea Company that they will have to take care of their own cartage after deliveries of this coming week. This certainly gives them enough notice so that there cannot be any criticism.

I am sorry I cannot agree with your directors in regard to the selling out of our spot stocks. The mistake we made was in an effort to

comply too quickly with the ruling of the Institute on other matters. We closed our Isbell stores too quickly and lost that source of distributing these sugars. We took our retail men off the road last July. We should not have taken them off until Fall. Therefore our machine for cleaning up these spot stocks and selling out the sugars was of much smaller capacity than we realized.

In regard to the dates. As stated above, the cartage business for the A. & P. Tea Company will be concluded with deliv-
2151 eries of next week irrespective of any other consideration.

The date on the stocks I cannot give you until the beginning of the week after consultation with the refiners whose sugars we still have, and so forth and so forth.

Believe me,

Sincerely,

2152 *Government Exhibit 173*

THE AMERICAN SUGAR REFINING COMPANY,
520 North Michigan Avenue,
Chicago, Illinois, June 27, 1931.

Mr. J. G. MCPHERSON,
W. H. Edgar & Son, 1924 W. Lafayette Blvd.,
Detroit, Michigan.

DEAR MR. MCPHERSON: We have your letter of June 25th advising that your investigation has likewise confirmed the report that the *Davenport Brokerage Company*, of Davenport, Iowa, are affiliated with sugar buyers, and we have therefore requested our New York office to handle the broker agreement accordingly which was submitted through them.

Very truly yours,

M. B. MURPHY, *Sales Manager.*

2153 *Government Exhibit 173–A*

JUNE 25TH, 1931.

Mr. M. B. MURPHY,
American Sugar Rfg. Co., Chicago, Illinois.

DEAR MR. MURPHY: We have your letter of June 24th with reference to the Davenport Brokerage Company.

We are convinced that under the regulations of the Institute that we cannot allow the Davenport Brokerage Company to solicit business.

Therefore we presume it will be in order for us to secure the signed agreements, which we understand have already been put through, from them and have all negotiations cancelled.

Yours very truly,

W. H. EDGAR & SON.

2154 *Government Exhibit 173–B*

THE AMERICAN SUGAR REFINING COMPANY,
520 North Michigan Avenue,
Chicago, Illinois, June 24, 1931.

W. H. EDGAR & SON,
1924 W. Lafayette Blvd., Detroit, Michigan.

GENTLEMEN: We would be interested in hearing from you with respect to your investigation of the Davenport Brokerage Company at Davenport, Iowa, who, according to our advice to you of June 12th, are reported to be affiliated with sugar buyers in that territory.

As a matter of information, we have received the broker agreement signed by the Davenport Brokerage Company, Inc., through our New York office.

Very truly yours,

M. B. MURPHY, *Sales Manager.*

2155 *Government Exhibit 173–C*

JUNE 8TH, 1931.

Mr. M. B. MURPHY,
American Sugar Rfg. Co.,
Chicago, Illinois.

DEAR MR. MURPHY: Answering your letter of June 6th, the Davenport Brokerage Company have been asked to act as our subbrokers in the Tri-City territory. They filled out and executed one form, but as this was not enough, we sent them the additional forms of broker's agreement to execute, and have the copies forwarded direct to you at Chicago.

We believe you should have these forms any day now.

Yours very truly,

W. H. EDGAR & SON.

2156 *Government Exhibit 173–D*

THE AMERICAN SUGAR REFINING COMPANY,
520 North Michigan Avenue, Chicago, Illinois, June 6, 1931.

W. H. EDGAR & SON,
1924 W. Lafayette Blvd., Detroit, Mich.

GENTLEMEN: We have your letter of June 5th in response to ours of the 4th instant, in which you advise that the bookings submitted to us by your office for the Lagomarcino Grupe Company of Burlington and Davenport, Iowa, were tendered you through the Davenport Brokerage Company.

Kindly advise us as to whether you have a broker agreement signed by the Davenport Brokerage Company, inasmuch as we have some advices that would indicate that they have a connection with this buyer.

Very truly yours,

M. B. MURPHY, *Sales Manager.*

2157 *Government Exhibit 173–E*

JUNE 5TH, 1931.

Mr. M. B. MURPHY,
American Sugar Rfg. Co., Chicago, Illinois.

DEAR MR. MURPHY: Answering your letter of June 4th, addressed to Mr. Beebe, please be advised the sale to Lagomarcine Grupe Company, Burlington and Davenport was made through the Davenport Brokerage Company.

Yours very truly,

W. H. EDGAR & SON.

2158 *Government Exhibit 173–F*

THE AMERICAN SUGAR REFINING COMPANY,
520 North Michigan Avenue, Chicago, Illinois, June 4, 1931.

Mr. A. W. BEEBE,
W. H. Edgar & Son, 1924 W. Lafayette Blvd.,
Detroit, Michigan.

DEAR MR. BEEBE: Please refer to your night letter of June 2nd submitting 600 bags for Lagomarcino Grupe Company, Burlington, and 200 bags for the same firm at Davenport.

Will appreciate hearing from you as to whether this business was offered you through a sub-broker and, if so, kindly give me the name and location.

Very truly yours,

M. B. MURPHY,
Sales Manager.

2159 *Government Exhibit 173–G*

[Inter-office Correspondence]

W. H. EDGAR & SON,
6–13–31.

Mr. J. J. MACMILLAN,
Des Moines.

DEAR MR. MACMILLAN: We are up against a question with the Davenport Brokerage Company. It is too bad these things cannot be found out before attempting to make final arrangements.

Mr. Murphy of the American reports that he has information indicating Mr. Paul Lagomarcino is president of the Davenport Brokerage Company, an is likewise president of the Lagomarcino Grupe Company.

If this is the case, of course the Davenport Brokerage Company cannot act in any capacity as sugar brokers.

Will you please investigate and advise.

Yours very truly,

Mr. J. G. MCPHERSON,
Detroit.
G.

2160 *Government Exhibit 173–H*

THE AMERICAN SUGAR REFINING COMPANY,
520 North Michigan Avenue, Chicago, Illinois, June 12, 1931.

Mr. J. G. MCPHERSON,
W. H. Edgar & Son, 1924 W. Lafayette Blvd., Detroit, Mich.

DEAR MR. MCPHERSON: Supplementing previous correspondence with regard to the Davenport Brokerage Company at Davenport, Iowa.

The report I now have indicated that Mr. Paul Lagomarcino is President of the Davenport Brokerage Company and likewise President of the Lagomarcino Grupe Company. We understand that you are investigating the reported connection between broker and buyers for whom business was submitted on June 2nd and of course we will be pleased to hear from you as to whether your findings coincide with the information which we have given you.

Very truly yours,

M. B. MURPHY,
Sales Manager.

2161 *Government Exhibit 174*

[Postal Telegraph]

Mr. FRED G. TAYLOR,
The Sugar Institute, 129 Front Street, New York, N. Y.:

Confirming phone on stocks, Edgar will be cleaned up prior to June first no Edgar invoices will be used in any manner except on Holland, St. Louis, and Continental sugars.

W. H. EDGAR & SON.

2162 *Government Exhibit 175*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 11th, 1930.

Mr. A. W. BEEBE,
W. H. Edgar & Son, Detroit, Mich.

DEAR MR. BEEBE: At yesterday's Executive Committee Meeting I reported the substance of my last conversation with you regarding the liquidation of your stocks, in which I quoted you as stating that you expected to have them all cleaned up "in a week or ten days." Reference was made to the fact that this was the same report that I had transmitted from you one week ago, and a very decided opinion was expressed that you should be requested to set an outside date against which your liquidation would either be completed, or you would dispose of the remaining balances to the refiners under such arrangements as you might be able to make with them.

You may feel a sense of persecution in our constant effort to complete this, but if so be assured that it is a matter of mutual affliction, and one which we hope can be adjusted without further delay.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

2163 *Government Exhibit 176*

DETROIT, MICH., *April 15th, 1930.*

MR. FRED C. TAYLOR,
THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, New York.

DEAR MR. TAYLOR: We acknowledge receipt of your letter of the 11th, concerning our spot stocks, and wish to assure you that we are using every effort possible to clean out these sugars.

We are endeavoring to make a deal with Lee & Cady to take over all the sugar left in the Eastern territory as of this week.

For your information, in the Eastern territory we had left last evening about 200 bags at Buffalo, 1,200 bales at Cincinnati, 4,000 bags at Indianapolis, and 100 bags at Muncie, Indiana. We have quite a little stock left at Cairo, Illinois, and various of the western distributing points, which we are endeavoring to turn over to the W. F. Childs Co. We will advise you within the next day or so on this matter.

The stocks at Detroit we have arranged with Lee & Cady to take over, so that it will eliminate a good deal of our trouble.

Thanking you, we are

Yours very truly,

W. H. EDGAR & SON.

2164 *Government Exhibit 177*

JUNE 25, 1930.

Edgar findings

1. Continued merchandising under guise of an arrangement with Childs.
2. Arranging for trucking service and paying therefor.
3. Payment to Childs direct for [profit] or services rendered.
4. Transiting of sugars without authority and defeating the proper prepay.
5. Illegal substitution of tonnage.
6. Delayed reporting of ex-warehouse deliveries.
7. Issuing instructions to warehouses designed to abrogate our instructions.
8. Making resales without our authority, creating difficulty on our part in collecting from original buyer.
9. Injudicious judgment in ordering stocks for consignment.

2165 *Government Exhibit 178*

[Copy]

DETROIT, MICHIGAN, *June 28th, 1930.*

Mr. R. S. STUBBS,
American Sugar Rfg. Co., New York, New York.

DEAR MR. STUBBS: Referring to your memo which you gave Mr. Edgar on his recent trip to New York, in which you list seven complaints against us, I am writing you concerning these in the order in which they are listed:

#1. Continued merchandising under the guise of an arrangement with Childs.

This we absolutely deny. The only arrangement we have with Childs other than a straight arrangement between broker and customer is the fact they took over from us some of our old stocks. We charged them on our books. They are selling them out and just as fast as they are selling them they are paying us for these sugars. This covers principally the Illinois and Wisconsin territory where we had various odds and ends left at different consignment points.

#2. Arranging for trucking service and paying thereof.

Up until the time that Mr. Chinal called this matter to our attention each of the trucking companies over the Indiana territory were forwarding our Indianapolis office their various bills covering the delivery for that week. We were sending the A. & P. one invoice covering the entire amount of these trucking bills and were mailing each of the trucking companies their portion of the check. As far as arranging for the trucking service, this service had been arranged for a number of years ago in that territory, and the same trucking companies were turned over to the W. F. Childs Co. when Childs started to sell the A. & P. their sugar outside of the consignment points in Indiana. In the city of Indianapolis, where sugars were delivered direct to the A. & P. by the refinery, the Advance Warehouse had been doing the trucking for some time.

2166 #3. Payment to Childs direct of profit or services rendered.

When we discontinued delivering sugars to the A. & P. Tea Company at nonconsignment points in Indiana from our own stocks at these points we turned the entire arrangements over to W. F. Childs & Company—stocks, cartage arrangements, and so forth, and so forth. When Childs started to make deliveries to the A. & P. Tea Company stores at these points, the invoices for the sugar, *plus the charge arranged for with Judge Ballou 10¢ over the refiners carload delivered price at the point*, were sent to us. We paid Childs for these invoices and sent them on to the A. & P. Tea Company. This was done in an effort to smooth out for the A. & P. Tea Company the changes brought about by the Institute. It is not in any way merchandising and it is not in any way paying Childs for services or for profit.

#4. Transiting of sugars without authority and defeating the proper prepay.

We have for years been turning over to jobbers on request billing of an equal amount to sugars they purchase and withdraw from consigned stocks. There has been no effort to match exactly the billing by marks or car by car. If a jobber bought 400 bags of sugar and took them from consignment, he was turned over 400 bags of billing usually the oldest on hand, because billing expires at the end of six months. This method avoids cancelling or allowing billing to expire. This practice of turning over billing to jobbers on request is common with all refiners, to our knowledge. This spring, on account of arbitrary rates put in by the Sugar Refiners Institute at Detroit, you gave us instructions to never turn over billing to any jobber in Detroit without additional amount being collected from the jobber to insure the maintenance of the rate structure throughout the territory reached by Detroit tariffs. Until a week ago last Thursday I had no information from your office, or from our traffic department, that it was possible to use billing from Indianapolis and make a profit on through rates. A week ago last Thursday this infor-
2167 mation was given to me by W. F. Childs & Company and was made possible by the fact that you have been shipping sugars into Indianapolis over the ocean and rail route via Norfolk, which has lower rates to certain points North and West of Indianapolis than are in effect in making the refiners' delivery rate. As stated above, we have turned over to jobbers in Indianapolis billing covering an equal amount to their consigned purchases and we now know that sugars have been forwarded from Indianapolis on this ocean and rail billing to points at which a profit was made in the freight rate. We have no record of directions from you to discontinue the delivering of transit billing to jobbers on request at Indianapolis, and had we known that it was possible to make a profit in the freight rate earlier than a week ago Thursday we would not have failed to call it to your attention after your instructions concerning Detroit.

#5. Illegal substitution of tonnage.

Please understand that we have not knowingly been party to any illegal action either in the substitution of tonnage or in any other way. We have not transited any sugars at Indianapolis for ourselves or others, and we have no knowledge of illegal substitution of tonnage. On my visit to Indianapolis yesterday we found that the Advance Warehouse had in April of this year typed in error, without authority as shippers, on a few bills of ladings, our names as well as yours. We have demanded that this error be corrected immediately with the railroads. The warehouse admits that their girl made a mistake in typing and that our name was used without any authority.

#6. Delayed reporting of ex-warehouse deliveries.

I have checked over the list of cars which you gave me on my recent trip to New York, and attach hereto the notice that we received from the Advance Warehouse on each of the deliveries to which the

D/C referred. We find that occasionally the D/C dated one day after the warehouse withdrawal, and in several cases the D/C dated a day or so ahead of the warehouse withdrawal, but certainly from this evidence you cannot raise any question of the D/C being delayed in being sent in. You will notice that the assortment contained
2168 in the cars shipped by Childs does not always correspond with the assortment on the D/C. This was from the fact that Childs was forwarding part of his own sugars which he had previously bought, using whatever billing he happened to have, upon which he could ship the sugars which he had in his stock. The bills of lading, therefore, have nothing to do with the Advance Warehouse tickets and the D/Cs.

#7. Issuing instructions to warehouses designating to abrogate your instructions.

This happened eight months ago and was settled, I thought, in the meeting in Chicago. We believe you know very well that no one in authority in this office would permit any such instructions, and we told Mr. Humrichouse at that time to be particularly careful in any dealings he might have with any warehouse or broker where the same might be interpreted as changing any refiner's instructions.

#8. Making resales without our authority, creating difficulty on our part in collection from original buyer.

We have never been limited in resales by any refiner except as to deliveries in refining points and in deliveries in different territories where conditions and terms are varying. This practice has been going on for years and we were not aware that you did not permit resales without your authority. We understand this to be changed at the present time. As far as difficulty in collecting from the original buyer, you have the original contract signed by the buyer and we believe that all of the present open items are in the course of adjustment. We have forwarded you our full correspondence with the Mid-West Dairy Products, at Du Quoin, Illinois, concerning that sale, and we believe you will agree with us that our records are absolutely clear in the matter.

#9. Injudicious judgment in ordering stocks for consignment.

The majority of the cases where excess stock has been built up the balance has been left on hand on account of our discontinuing
2169 the handling of the retail trade. Take the case of Detroit, for instance; we had a very large delivery of O. F. B. and Domino Yellow as our previous records will show, and in ordering out stocks we did not realize that these grades were not going to move as fast as when we were dealing with the jobbers. We have previously forwarded many of your sugars from Detroit to various customers throughout this territory. Owing to the route by which your consigned sugars are now shipped into Detroit we have been unable to forward very many of your sugars on contract sales to the jobbers throughout this territory. This is caused by your own action and has considerably delayed the moving of these preferen-

tial grades through the Detroit stocks. We are passing through this office to you direct almost every day cars of sugar containing grades of this sort which might have been forwarded out of Detroit stock as they were in the past and the sugars moved, were it not as stated above with the present routing arrangement that sugars have to be shipped from the refinery.

Referring to the last item which you entered on the list of D/C's reported by the institute auditor, which you show as D/C 429. We find that this covered a delivery to W. F. Childs under date of May 5th, 250 bales 10/10s, from D145. W. F. Childs merged these 250 bales 10/10s with 150 bales 4/25s, which they had in their own stock, which previously had been purchased from you, and forwarded the same in Big Four 41642. This transaction was originated and completed by W. F. Childs. We had absolutely nothing to do with it, but we are unable to find that there is anything illegal or even questionable in the transaction.

Now, Mr. Stubbs, we are very anxious to definitely check each charge that Mr. Chinal has made against us at Indianapolis. If there is any further evidence that you can give us to throw light on his charges, I assure you we will at once give you the full facts as we can ascertain them.

Yours very truly,

W. H. EDGAR & SON.

2170 *Government Exhibit 179*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 25th, 1929.

W. H. EDGAR & SON,
Detroit, Mich.

(Attention Mr. Beebe.)

GENTLEMEN: Replying to your letter of October 22nd, in which you comment on the proposed broker's pledge that was submitted by our Judge Ballou, will say that we have taken particular note of the third paragraph of your letter, in which you say: "I believe that it has been Mr. Edgar's idea that he had the right to store sugar for anyone other than the members of the Sugar Institute." *Our Resolution of May 2nd makes no distinction between sugar owned by members, or nonmembers, of the Sugar Institute*, and while certain exceptions were made in the instance of Edgar's commitments, or contracts, with Continental and Godchaux sugars, it was the understanding of all concerned, and particularly of the Committee that visited Detroit in June, that these exceptions were to be considered as matters of temporary duration, and that when they were completed *you would store no sugars of any kind* whatsoever except through the agency of the Detroit Harbors and Railway Terminal Company.

If any understanding contrary to this exists in your minds, it is desired that you give our Committee opportunity to confer with your Mr. Edgar and Mr. Beebe at some early date after Mr. Edgar's return.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2171 *Government Exhibit 180*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 27th, 1930.

General C. G. EDGAR,
W. H. Edgar & Sons, Detroit, Mich.

MY DEAR GENERAL: Replying to your letter of the 24th will say that the Resolution which we recently mailed to you was not designed to prevent brokers who represent Institute members handling Louisiana unrefined sugars or domestic beet sugars.

The original Resolution was designed to convey the thought that "members should cease the employment of brokers" who, in the handling of any character of refined sugar, fail to observe the standard of business conduct laid down by the Institute's Code of Ethics. The language of the Resolution, however, did not make this entirely clear so it was revised.

The particular point that is desired to be made regarding Louisiana direct consumption sugars and domestic beet sugars that you, or any other broker, may handle is that they "should be sold only upon open prices and terms publicly announced."

Other points of the Code which should be emphasized in connection with this Resolution are those referring to our regulation of warehouse usage, and the matter of consignment points or "recognized markets." We are enclosihg herewith excerpts from Code Rulings No. 5, which is now in process of publication, for your temporary information in the matter.

Trusting this sufficiently answers your enquiry, and with the kindest regards of the writer, we are,

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2172 *Government Exhibit 181*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, November 1st, 1929.

TO ALL BROKERS: Since the adoption of the Institute's Resolution of May 2nd, 1929, which provides—

"* * * that the payment of brokerage to anyone interested in the business of warehousing sugar or of merchandizing sugar should be discontinued."

There have occurred several instances of complaint of alleged continued merchandizing activities of brokers. In most cases these complaints have arisen as a result of brokers invoicing sugars or accepting billings for the account of refiners.

In order to avoid this "semblance of evil" the Executive Committee has recently taken formal action condemning the practice which has resulted in these complaints. The following is an interpretation of their ruling:

"The invoicing of sugar to brokers and the invocing of sugar by brokers without disclosure of the name of the principal, will be considered merchandizing within the terms of the Resolution";

and,

"The Institute looks with disfavor on the invoicing of United States refined or manufactured sugar by brokers, even when stated to be on account of a named principal, for the reason that such practice is not strictly a brokerage function, and gives rise to complaints of merchandizing by competitors."

This interpretation has no reference to the clerical services performed by brokers who invoice sugars for refiners, where the invoice forms of the refiners are used.

THE AMERICAN SUGAR REFINING COMPANY,
CHARLES H. WHITE, JR.,
General Sales Manager.

2173 *Government Exhibit 182*

JULY 25TH, 1929.

Judge SYDNEY BALLOU,
Executive Secretary, The Sugar Institute,
New York, New York.

DEAR SIR: In line with the separation of our business, we beg to advise that all of our retail salesmen will be discontinued on August 1st, with the exception of two men in Indiana, and one in Illinois, which we are keeping on until we can be assured that our jobbing outlet will take care of our existing contracts.

Arrangements have been completed on the Harbor Terminal matter of handling sugar in our location, and beg to advise that sugars are carried on consignment in the Harbor Terminal's name at three of our warehouses.

The Isbell Stores have been entirely discontinued with the exception of Saginaw and Canton, Ohio. The business of the Isbell is being wound up, but on account of an excessive assortment at these two points we have been unable to dispose of the entire stock. The stocks have been taken over by W. H. Edgar & Son, however, so that the Isbell has ceased to operate entirely.

We are passing this information along to you so that you will have the same available if any question should arise regarding our activities.

Thanking you for your efforts in our behalf, we beg to remain

Yours very truly,

W. H. EDGAR & SON.

2174 *Government Exhibit 183*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 12, 1928.

Gen. C. G. EDGAR,
W. H. Edgar & Son, Detroit, Mich.

MY DEAR GENERAL: I sincerely wish that the warehouse situation would be the subject of a Federal or any other authoritative investigation. The trouble with the Sugar Institute is that its legal advisors object to our being judge, jury, and executioner all at once. While investigating the Chicago situation I was referred to a very interesting case holding that grain warehousemen who purchase grain on their own account could not serve the public interest at the same time and were therefore not entitled to licenses as public warehousemen. (Central Elevator Company v. People ex rel. Moloney, 174 Ill. 203.) Even here, however, we were advised that the Attorney General of the state was the only person who could legally take action in the matter, and we are still hesitating as to whether we can take the law into our own hands without fear of legal consequences.

2175 Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2176 *Government Exhibit 184*

MARCH 7, 1929.

Mr. W. EDWARD FOSTER,
President The American Sugar Refining Co.,
117 Wall St., New York, N. Y.

DEAR MR. FOSTER: In order that you may have the memorandum you so kindly gave me, in regard to ourselves, I am returning it herewith. I want to write you now on the first paragraph in the memorandum:

Edgar Sugar House, as you know, is a public warehouse company. It is only interested in storage and in the sale of sugars on a brokerage basis. The statements contained in the first paragraph of the memorandum are absolutely false from beginning to end. Edgar Sugar House is not billing and never has billed the American Sugar Refining Company for storage on sugars when no service has been performed. We are diverting no cars of sugar in transit without notifying your company as to exactly what we are doing, and we

are not reconsigning after arrival to customers' warehouses or to team tracks for customers' account in the City of Detroit any sugars whatsoever. We are reporting withdrawals and deliveries of sugars from the warehouse stock promptly, as your auditors will testify, and we are not billing you for second month's storage unless the service for which we are billing you is performed.

I think these charges of sufficient seriousness and import so that the gentleman who made them should be called upon by you to substantiate what he says. You know full well that I would countenance no such thing, and if he has any evidence that even tends to point to a suspicion that we are doing something of this sort, he should be made to bring it forward into the light.

The second paragraph of the memorandum is a statement of fact, and it reads as if the American Sugar Refining Company felt we were doing them an injustice by not placing W. H. Edgar & Son's business direct instead of through Daub & Carr and Harter & Dearie. And, by the way, your office has neglected to add Linford Lueder to the list.

The second part of the second paragraph I have already discussed with you. The American Sugar Refining Company gets signed contracts from the buyer of sugars sold by Edgar Sugar House. The sugars are billed to the buyer and what the
2177 buyer does with the sugar after he had bought and paid for it certainly is not a subject for investigation by the seller or by the Sugar Institute. As a matter of fact, during the past year W. H. Edgar & Son has purchased sugars at second hands to a greater extent than ever before, and as long as there is a second-hand market and we can buy sugars at less than the refiner's list, we have no other course open to pursue.

For your information, the majority of the sugars we have purchased at second-hands have been from the customers of Edgar Sugar House, brokers, but sugars which Edgar Sugar House did not originally sell or receive a brokerage on. You are fully familiar with the exchanging of sugars we have done at various times, and you know that taking over a car of sugar here and giving a car of sugar there does not involve the brokerage question at all. You also know that Edgar Sugar House has placed order for some customers for quite a sizable block of sugars, and because of a weak or declining market have later on persuaded the buyer to resell the sugars with the idea of reentering the market later at a better price.

Third paragraph, warehouses. There is no possible question as to whether the warehouses of Edgar Sugar House at Buffalo, Cleveland, Toledo, and elsewhere are public warehouses or not, and your office should know it, if they don't. Edgar Sugar House is in the public storage business in these cities and has been for some time—in Cleveland and Toledo long before the Institute was formed, and in Buffalo recently. The charge that our Buffalo warehouse is used

as a point to divert sugars to customers' warehouses is a falsehood, and the statement made to you that customers receive storage allowance from Edgar Sugar House is another absolute falsehood.

Believe me,

Sincerely yours,

2178 *Government Exhibit 185*

[Personal]

ARBUCKLE BROTHERS,
Old Slip and Water Street, New York, May 4, 1929.

General C. G. EDGAR,
c/o Edgar's Sugar House, Detroit, Michigan.

MY DEAR GENERAL: The other day we sent you a full copy of the Resolution that was recently adopted by the Board of Directors of The Sugar Institute, Inc., relating to the payment by Refiners of brokerage and storage charges. The Resolution was intended to be self-explanatory, but seemingly its scope has led some persons to wonder if the Resolution really means what it says. We do not put you in the latter class, nor do we class ourselves as apologists for the Resolution. Nevertheless, having in the meantime talked to you over the telephone, and to Mr. Beebe in person, a statement of our own attitude toward the Resolution will not be out of place.

Although we regret that, notwithstanding the efforts of The Sugar Institute, certain practices in the sugar trade recently became so disturbing to Refiners that only a drastic remedy would cure them, we are to be counted as one who supported the Resolution when it was put to a vote. Adherence to its principles doubtless will be regarded as *rather harsh treatment by some customers of long standing*, but if the principles are correct the Resolution is justifiable irrespective of the indicated result.

As always, our selling policies will be openly announced, and so long as we are members of the Institute we will adhere to the present Resolution in spirit as well as in letter. Were the Resolution to require any justification a cursory examination into recent trade practices (for which even some Refiners are blamable) would quickly discover the reason for the rule. These practices would be found to include the following incidents, viz:

Jobbers camouflaging a corner of their premises as a public warehouse and charging Refiners for a storage service that never was rendered in any fair sense of the term.

Sugar brokers buying sugar for their own account and placing the orders in the name of a third party so that the broker might collect a brokerage to which he was not entitled.

2179 Warehousemen charging refiners storage on sugar that had been diverted in transit and never entered the warehouse.

These practices became so insistent that refiners who knowingly submitted to them subjected themselves (to say the least) to prose-

cution before the Federal Trade Commission and placed the warehousing of sugar in such a malodorous state that a strong feeling was growing up among refiners to do away with consignments entirely.

The latter feeling, if acted upon, would have been revolutionary in the distribution of the country's sugar, and we felt that anything short of that ought at least to be given a trial. The Resolution in question offers what we hope experience will prove to be a satisfactory alternative; namely:

A sugar broker who charges the refiner a brokerage for his service to the refiner must not also take a profit in the warehousing of the sugar or in merchandising it.

A warehouseman charging the refiner storage must not also seek a profit as broker or merchant.

A merchant buying sugar at the refiner's open price must not also profit in the transaction as a broker or warehouseman.

Unfortunately for you, you have been affiliated in a very important way with several organizations that serve in all three capacities, and by reason of the universality of the Resolution you, like all others, have been asked to elect for future transactions in which one of the three capacities you are hereafter to serve.

Needless to say, we can take no pleasure in applying the rule to one with whom our business relations have been so pleasant and of such long standing as have our relations been with your several affiliated organizations; and, on the other hand, we feel certain that you know us well enough to realize what our attitude toward the Resolution will be.

However, it is our understanding that the election which you are required to make for new transactions does not affect your standing on any existing bona fide commitments.

After all, the employment of brokers and warehousemen as instrumentalities in the distribution of refined sugar is largely a matter of personal choice with each Refiner, to be indulged in or not, from time to time, at his pleasure; and what at first blush may be viewed in consternation ought soon to appear in its true light as a constructive measure that will redound to the ultimate common good of all concerned. The writer recalls the question he was asked many times while en route to and attending the Canners' Convention in Chicago, soon after the Institute was formed, viz: "What effect will the Code of Ethics have on Edgar?" and of his invariable reply, viz: "An outstandingly successful merchant, enjoying the advantages of ample capital, splendid facilities, unquestioned buying power, and great merchandising ability, needs no special advantages to succeed." So may it be.

2180

Very truly yours,

ARBUCKLE BROTHERS,
CODY,
Sugar Department.

2181 *Government Exhibit 186*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, August 30, 1929.

Mr. A. W. BEEBE,
c/o W. H. Edgar & Son, Detroit, Michigan.

DEAR AL: In answer to yours of the 19th, regarding warehouse facilities at Ottawa, Illinois. In view of the fact that our Auditors report has not been favorable, and also that this warehouse is not listed with the Sugar Institute, we regret being unable to forward any sugars on consignment to the Scherer Bros. Warehouse, Ottawa.

Perhaps you can find a more suitable warehouse to which we may be able to cooperate.

With kind regards, we remain,

Yours very truly,

General Sales Department.

2182 *Government Exhibit 187*

ARBUCKLE BROTHERS,
Sugar Sales Department,
New York, September 11, 1929.

Mr. A. W. BEEBE,
c/o W. H. Edgar & Son, Detroit, Michigan.

DEAR MR. BEEBE: We are compelled to return your warehouse receipts covering shipment of 12,643 bags on August 23rd by barge, for the reason that the sugar was shipped to the Detroit Harbors Terminal Warehouse in line with our announced policy.

Receipts should have been executed by them, and the sugar should have been stored in one of the branches of the Detroit Harbors Terminal Warehouse, which has had the approval of the Committee.

At a meeting yesterday a report from T. L. Spencer was read showing our sugar on hand with you and in Warehouse No. 5. I could only answer that we had consigned no sugar to you and that we had not authorized storage by Detroit Harbors Terminal Whse. in any branch not approved by the Committee. It was pointed out that only three branches on your properties had been approved by the Committee, and these three did not include No. 5.

The enclosed receipts, which arrived today, answer the question. You apparently thought that you were privileged to store these sugars for us and also in No. 5.

It would cause me considerable embarrassment to have this happen again. So I would thank you to see that all shipments we make, and on which the storage is for our account, are taken in by the Detroit Harbors Terminal Warehouse and confined to such of their branches as have been officially approved by the Committee.

Yours very truly,

ARBUCKLE BROTHERS,
CODY.

2183 *Government Exhibit 188*

SEPTEMBER 16, 1929.

Judge SIDNEY BALLOU,
Sugar Institute, New York, New York.

DEAR JUDGE BALLOU: Referring to our recent conversation regarding the placing of sugar with the Detroit Railway & Harbor Terminal Warehouse at our #5 Warehouse.

On the recent visit to Detroit of the Enforcement Committee, it was my belief that if occasion arose for the use of #5 warehouse that the same was satisfactory to use on the same plan as the other warehouses, providing this met with the approval of the parties concerned.

This cargo of Arbuckle sugar that was shipped into #5 was to cover contract of a New York Sugar operator, and was for shipment through the State to the points where Arbuckle sugar could be used, and from the lack of room at our other houses we thought it best to place this in the Harbor Terminal's care at Edgars #5, as provided for in the lease.

I believe that we erred in doing this without securing Arbuckle's consent, as I believe the understanding was that the parties concerned were to give their consent, and this certainly would concern Arbuckle, as they made the shipment. A space was set off in this warehouse, signs were placed on the walls showing this space leased by the Detroit Railway & Harbor Terminal, and lines drawn on the floor prior to receiving the sugar in the warehouse.

On account of locating a proper man for the position, the Detroit Railway & Harbor Terminal were a few days late
2184 in getting their man actually in the house after the arrival of the sugar. They were, however, responsible and checked same from their own warehouse.

When this sugar arrived at the dock it was unloaded by the Detroit Railway & Harbor Terminal and shipped to themselves c/o #5 Warehouse. This also shows that it was in their care at all times.

When any merchandise arrives at any of our warehouses we make out an inbound that has for the first copy a nonnegotiable receipt. This receipt was made out and written across the face of it "Handling Charges Only 80¢ a Ton", and was intended only for the purpose of making charge at our main office against the Detroit Railway & Harbor Term. After this charge had been made these receipts were supposed to go into the files, but through error our mailing clerk mailed them to Arbuckle Brothers. I am attaching hereto one copy of one of these receipts. You will notice that same is made out to Arbuckle Bros., c/o Harbor Terminal.

I had the thought, after talking to you the other day, that you believed we were endeavoring to store this in Edgar's Sugar House, and I am writing this letter to clear up in your mind the thought that we were endeavoring to do anything of this kind.

I am sending a copy of this letter to the refiner's representatives concerned in this matter, as several of them questioned me regarding this. I have talked with Mr. Spencer, your local Auditor, today, and asked him to investigate this matter very carefully and then to write Mr. Taylor his findings.

I believe that you will find, after investigating this matter, that all facts pertaining to this bear out our statement as to the method of our handling. Should there be any further question, please advise.

Yours very truly,

W. H. EDGAR & SON.

2185 *Government Exhibit 189*

SEPTEMBER 16, 1929.

Mr. J. P. CODY,
Arbuckle Bros., New York, N. Y.

DEAR MR. CODY: I acknowledge receipt of your letter of the 11th, concerning the storage of your sugar in our #5 Warehouse.

Our warehouseman mailed you, in error, the warehouse receipts which he sent in to our head office to cover handling charge only. If you will note "Handling Charge Only" is written across the face of these receipts.

There was no thought on our part in taking this sugar into our warehouse, which instructions were issued to the Detroit Harbor Terminal on storing this sugar, and their man was placed in charge of the warehouse and a space marked off. The writer understood the space would be used in this house, if necessary, and that it was agreeable to the parties concerned.

When this particular sugar came in the space was needed at #5, and we thought we could make easier sale from a stock at that point than at the Harbor Terminal Warehouse, hence this was opened up. The fact that the notation "Handling Charge Only" appears on the warehouse receipts should prove to you and the Sugar Institute that there was no thought on our part of having the storage of this sugar.

Yours very truly,

W. H. EDGAR & SON.

2186 *Government Exhibit 190*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 16, 1929.

EDGAR SUGAR HOUSE,
Detroit, Michigan.

GENTLEMEN: In connection with the recent storage of Arbuckle's sugar in your Warehouse #5 and the forwarding to Arbuckle Brothers of warehouse receipts in the name of your firm, it has been suggested that you may have considered that this was in effect cus-

tomer's sugar and may have assumed to store it on that basis. At any rate, to avoid possible misunderstanding, the Committee which visited Detroit and made arrangements for the lease of space in some of your warehouses by the Detroit Railway & Harbors Terminal Warehouse have requested me to state definitely their understanding of the arrangement then arrived at.

Their approval of the proposed leasing of space in your warehouses for the storage of refiner's sugar was based upon the understanding that Edgar Sugar House had withdrawn entirely from the business of storing sugar, whether that of members of the Institute, of non-members of the Institute, or of customers or other private parties. It was felt that any other arrangement would afford too much opportunity for the swapping of sugars, and it is stated by all the members of this Committee that this understanding was assented to by you at the time.

You have already been notified that the storage of refiner's sugar in warehouse #5 was not within the arrangement then made between that Committee and yourselves. It is desired to keep storage points at a minimum, and while the Institute had no objection to the retention of an option by Detroit Railway & Harbors Terminal Warehouse on part of your warehouse #5, it was not intended that such option should be exercised until the necessity therefor had been approved by the Committee.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2187 *Government Exhibit 192*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 27, 1929.

W. H. EDGAR & SON,
Attention Mr. A. W. Beebe,
Detroit, Michigan.

GENTLEMEN: Referring to your letter of September 16th, we note your belief that refiners' sugar could be stored in No. 5 warehouse if this met with the approval of the parties concerned. From the context of your letter you apparently regard the parties concerned as meaning only W. H. Edgar & Son and the individual refiner shipping some particular sugar. This is not our understanding of the arrangement.

The parties concerned are the Detroit Railway & Harbors Terminal Warehouse and the Sugar Institute, the latter acting on the recommendation of the Committee which made the original arrangement for the leasing of warehouse space in Detroit.

If the Detroit Railway & Harbors Terminal Warehouse believe that the convenience or necessity of the trade would be served by storage in this warehouse, they should make representations to this

effect to the Institute, which will be promptly referred to the Committee which has the matter in charge.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2188 *Government Exhibit 193*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, October 28, 1929.

Mr. A. W. BEEBE,
W. H. Edgar & Son, Detroit, Michigan.

DEAR MR. BEEBE: The following four warehouses have been recommended by the Institute for storage at Indianapolis:

Coburn Warehouse.
Indiana Terminal Warehouse.
Trip Warehouse Company.
Strohm Warehouse Co. (except Serview branch).

It is our desire to store with the first three mentioned. Will you please make your selection among these three, namely, the Coburn Warehouse, the Indiana Terminal Warehouse, and the Trip Warehouse Company, and we will discontinue shipping to the Advance and the Central Public Warehouses which you now occupy.

Very truly yours,

IRVING L. SPERRY,
General Sales Department.

2189 *Government Exhibit 194*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 31st, 1929.

GENERAL C. G. EDGAR,
W. H. Edgar & Son, Detroit, Mich.

MY DEAR GENERAL: Mr. Cody advises us of the conversation he had with you on Wednesday afternoon, and he states that although there was a misunderstanding between you and the Detroit Committee with reference to the extent of the sugar storage you might do in the name of Edgar that, in order to help the Committee, you are willing to relinquish all sugar storage business to the Detroit Railway Harbors Terminal.

We sincerely appreciate this evidence of your cooperation in this important matter. The Committee requests me to announce to you that they are authorizing the use of your no. 5 warehouse as a branch of the Detroit Railway Harbors Terminal system. While no formal application has been received in this matter it is our understanding that both you and the Detroit Railway Harbors Terminal desire to use the no. 5 warehouse. We will advise the Detroit Railway Harbors Terminal of our action.

We will be happy to see Mr. Beebe upon the occasion of his next visit to New York, in the interest of smoothing out a few items of irritation which we believe can be done to mutual advantage.

Again assuring you of our appreciation of your disposition in this matter, and hoping you will honor us with a call upon the occasion of your next visit to New York, we are,

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

Handwritten notation:

In personal talk with Cody and Taylor, my contention has been that they could not ask you to give up storing, merchandising, or transporting beet sugar until all competitors were controlled on same basis with non-Institute sugar.

A. M. B.

2190 *Government Exhibit 195*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, October 30, 1929.

Mr. A. W. BEEBE,
W. H. Edgar & Son, Detroit, Michigan.

DEAR MR. BEEBE: The Sugar Institute have recently advised us that the Advance Warehouse and the Central Public Warehouse, both of Indianapolis, Indiana, had been withdrawn from their records. At the same time, they approved the following warehouses as suitable for storage of sugars in Indianapolis:

Coburn Company.
Indiana Terminal Whse.
Trip Warehouse.

Therefore, we are holding, pending further instructions, the following consignment requisitions, your 994, Central Public Warehouse, your 1025 and 1026, also 1041, 1042, all for the Advance Warehouse, Indianapolis.

Very truly yours,

J. P. HOOWHON,
General Sales Department.

2191 *Government Exhibit 196*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, July 9, 1929.

W. H. EDGAR & SON,
Detroit, Michigan.

DEAR SIR: Under date of June 21st we wrote to the Detroit Harbor Terminal Warehouse, where we carry consigned stocks in your City as per the attached copy of letter which is self-explanatory. We also sent them at the same time the agreement mentioned in our letter for their signature.

Will you please read over both the letter and the agreement so that you may thoroughly understand what is expected by us from the warehouse?

In this connection we wish to state that we shall insist that the warehouse mentioned follow out all the details mentioned in our letter, and it is towards this end that we are writing you so that you may cooperate with them in fulfilling their agreement and our instructions. We might say to you that if this agreement and instructions are violated in any way whatsoever the penalty will be the loss of our storage account, in addition to the *other penalties provided in the agreement.*

Very truly yours,

C. H. WHITE, JR.,
General Sales Manager.

2192 THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York.

DEAR SIRS: We must insist that on all withdrawals of our consignment sugars from your warehouse that you mail to The American Sugar Refining Company, Key Highway East, Baltimore, Md., at the close of business each day, a copy of your delivery receipts showing—

Delivery date.
To whom sugar was delivered.
Our lot number.
Car number.
Broker's name authorizing delivery.
Broker's order number.

It will be necessary, when taking orders over the telephone from the broker, to secure from him at that time his order number, as it will be absolutely essential for our purpose that this order number appear on all your copies of delivery orders sent to us.

Upon receipt of each consignment shipment to be stored with you please forward to Key Highway East an acknowledgment of receipt indicating arrival date and order number as shown on the loading record forwarded with bill of lading. All bills for storage must be forwarded direct to The American Sugar Refining Company, Key Highway East, Baltimore, Md., as promptly as possible after first of each month.

Herewith attached you will find agreement which we request that you sign and return to us. It will be necessary for you to sign this agreement if we are to continue storing our sugars with you.

Please return this agreement promptly and at the same time kindly acknowledge receipt of this letter advising that our request will be strictly adhered to.

Very truly yours,

General Sales Manager.

2193 AGREEMENT entered into between _____ (hereinafter called the "Warehouse Company") and The American Sugar Refining Company (hereinafter called the "Refiner"), WITNESSETH:

In consideration of the storage of sugar by the Refiner with the Warehouse Company (the amount thereof to be in the discretion of the Refiner) and of the payment to the Warehouse Company by the Refiner of the charges therefor as hereinafter provided, the Warehouse Company and the Refiner hereby agree as follows:

1. The entire charge to the Refiner for the storage of sugar by the Warehouse Company, including the charges for handling the sugar into and out of the warehouse, shall be at the rate of _____ cents per 100 pounds per _____.

2. If the Warehouse Company shall at any time during the life of this Agreement pay or concede to any customer of the Refiner any amount or consideration of value whatsoever (whether by way of commission, rebates, reduction in rates for storage, remission or reduction of rent, or reduction of other charges for any services whatsoever) not commensurate with the consideration received in exchange therefor by the Warehouse Company from such customer, the charges to the Refiner for storage hereunder shall be reduced by such amount or the value of such consideration. Such amount or the value of such consideration paid or conceded by the Warehouse Company to such customer in violation of the foregoing shall immediately become due and payable by the Warehouse Company to the Refiner, and at the option of the Refiner may be either deducted from any charges thereafter becoming due to the Warehouse Company from the Refiner or may be collected by the Refiner in an action against the Warehouse Company. Any amount or consideration of value paid or conceded by the Warehouse Company to any customer of the Refiner shall be presumptive evidence that such amount or consideration is not commensurate with the consideration given by such customer to the Warehouse Company, unless such amount or consideration of value paid or conceded by the Warehouse Company to such customer shall be paid or conceded by the Warehouse Company at a rate open to every other tenant of the Warehouse Company.

In witness whereof the parties hereto have signed this Agreement by their officers thereunto duly authorized, this _____ day of _____, 192__.

THE AMERICAN SUGAR REFINING COMPANY.

2194 *Government Exhibit 197*

GODCHAUX SUGARS, INC.,
10TH FLOOR, MASONIC TEMPLE BLDG.,
New Orleans, Nov. 18, 1929.

W. H. EDGAR & SON,
Detroit, Mich.

GENTLEMEN: Please have the attached form executed in triplicate by the Ballard Transfer Co., De Soto, Mo., duplicate copies to be returned to us and triplicate for their records.

We need this at once to complete our files in order to report to the Institute.

Yours very truly,

GODCHAUX SUGARS, INC.,
J. A. BERTONIERE.

2195 The agreement referred to in Exhibit 197 is identical with the nonrebating agreement contained in Exhibit 196, except for the substitution of Godchaux Refining Co. for American Refining Co. as party thereto.

2196 *Government Exhibit 198*

GODCHAUX SUGARS, INC.,
10TH FLOOR, MASONIC TEMPLE BLDG.,
New Orleans, Dec. 2, 1929.

W. H. EDGAR & SON,
Detroit, Mich.

GENTLEMEN: Please see that the Ballard Transfer Company sign and return to us nonrebating warehouse agreement.

It is imperative that we furnish the Sugar Institute with a copy of this agreement signed by the Ballard Co.

Yours very truly,

GODCHAUX SUGARS, INC.,
J. A. BERTONIERE.

2197 *Government Exhibit 199*

GODCHAUX SUGARS, INC.,
10TH FLOOR, MASONIC TEMPLE BLDG.,
New Orleans, February 25, 1930.

W. H. EDGAR & SON,
Detroit, Mich.

GENTLEMEN: On several occasions we have written you about your failure to secure for us the signed Warehouse Agreement Form from the Detroit Railway & Harbor Terminals Co. Can't you get these forms for us?

We are being pressed by the Institute for prompt forwarding of a copy of this form to them, and we dislike having to write them and advising that, although we have written you several times, we have not been able to get this form, although we continue storing in this warehouse.

Will you please let us hear from you promptly?

Yours very truly,

GODCHAUX SUGARS, INC.,
S. H. PAILET.

2198 *Government Exhibit 200*

GODCHAUX SUGARS, INC.,
120 Wall Street,
New York, N. Y., September 30, 1930.

General C. G. EDGAR,
W. H. EDGAR & SON,
Detroit, Mich.

DEAR GENERAL EDGAR: Your letter of September 27th in reference to Mr. Spencer, Institute Auditor, was certainly very disturbing. I thought it best, however, before acting on it to ask whether you would have any objection to my using the information you mention therein?

I certainly did not know that any of the Institute men would handle a matter as outlined in your letter, and in fact, since I have been here, I have been stressing on Mr. Taylor, the Executive Secretary of the Institute, the necessity of Institute investigators conducting themselves in the highest possible ethical manner, without creating undue gossip, and I am sure we are going to have a marked improvement in the situation as to their conduct in the future, but I would like to take up this individual instance in direct confirmation of my own expressed views to the Institute Executive Secretary, if you are willing to grant me permission to do so.

Thanking you for writing me and with best regards, I am

Very truly yours,

J. MOOG.

2199 *Government Exhibit 202*

Exhibit 202 (filed with the Clerk of the Supreme Court in lieu of printing) consists of brokers' pledges of McCahan, Godchaux, Pennsylvania, National, Revere, Spreckels, Arbuckle, American and Franklin, executed by Edgar in March, 1930. These pledges are identical with that contained in Exhibit 70 except as follows:

1. In the pledges of McCahan and Pennsylvania, the time of notice in the final paragraph referring to termination of the pledge is not designated.

2. In the pledges of Spreckels and Arbuckle, the final paragraph referring to the termination of the pledge, is omitted.

3. In the pledge of National, in lieu of the final paragraph referring to termination of the pledge, the following is substituted:

"(2) The Refiner agrees to pay the Broker brokerage commissions monthly for all sugar, syrup and/or other products accepted at destination by customers during the preceding month under orders submitted by the Broker and accepted by the Refiner. These commissions shall be at rates arranged for from time to time between the Refiner and the Broker. Such brokerage commissions shall in no event be regarded as earned or payable if, for any reason, the goods are not actually accepted at destination by the customer.

"It is understood and agreed between the Broker and the Refiner:

"(1) That the Refiner's regular printed forms in effect at the time shall be used for all orders and specifications submitted by the Broker and the Broker will use, fill in, handle and forward these forms, and have them signed in accordance with the Refiner's instructions in effect at the time.

"(2) The Refiner shall have the right to discontinue its relation with any Broker, at any time, and in any event to reject any or all orders which the Broker may submit."

4. In the pledges of American and Franklin, in lieu of the final paragraph referring to termination of the pledge, the following is substituted:

2200 "The Refiner and the Broker further agree as follows:

"(a) That in soliciting, receiving, and forwarding orders for the Refiner's sugar, syrup, and/or other products, and in all of the Broker's relations with customers and with the public, the Broker will describe itself only as a broker or merchandise broker in indicating the Broker's status with reference to the Refiner and the latter's customers.

"(b) That the Refiner's regular printed forms in effect at the time shall be used for all orders and specifications submitted by the Broker, and that the Broker will use, fill in, handle, and forward these forms, and have them signed, in accordance with the Refiner's instructions in effect at the time.

"(c) That the Broker will not make any representation or statement, or enter into any arrangement or agreement, concerning the time for making delivery or furnishing specifications under orders entered, or to be entered, with the Refiner, or concerning terms of payment under such orders, or concerning any other matters in connection with such orders or the Refiner's relations with customers under these orders, except as definitely authorized by the Refiner and in accordance with the printed provisions contained in the Refiner's regular order forms and specifications forms.

"(d) That the Broker will not in any instance, unless definitely authorized by the Refiner to do so, release to customers any sugar,

syrup, and/or other products owned or shipped by the Refiner, or the papers representing such goods, without prior payment in full in actual cash or by certified check on a responsible bank; and that, in the event of the Refiner incurring any loss by reason of the Broker's failure to comply with this provision, the Broker will compensate the Refiner promptly in full for the amount of such loss.

"(e) The Refiner shall have the right to discontinue its relations with the Broker at any time, and in any event to reject any or all orders which the Broker may submit.

"(f) The Refiner agrees to pay the Broker brokerage commissions monthly for all sugar, syrup, and/or other products accepted at destination by customers during the preceding month under orders submitted by the Broker and accepted by the Refiner. These commissions shall be at rates arranged for from time to time between the Refiner and the Broker. Such brokerage commissions shall in no event be regarded as earned or payable if, for any reason, the goods are not actually accepted at destination by the customer."

2201 *Government Exhibit 203*

DETROIT, MICH., *Dec. 16, 1930.*

DEAR GENERAL EDGAR: Confirming our telephone conversation as to information desired, would say that on authority of the refineries listed below, will you please permit me, on behalf of the Sugar Institute, Incorporated, to examine their accounts and records in any connection therewith; to permit me to trace shipment by rail, water, and truck by means of transportation companies' records, or otherwise; to examine any files and records of yours or your employes relating to any sale or shipment of, and payment for, sugar.

My authority is evidenced by the letter I offered to present to you this morning, which reads as follows:

"This is to certify that William W. Patterson is in the employ of the Sugar Institute, Incorporated, and is appointed under its authority to inspect warehouses and check physical stocks of sugar therein, and to examine accounts and records in any connection therewith; to trace shipments by rail, water, and truck by means of transportation companies' records or otherwise; and to examine any files or records of warehouses, brokers, or their employes relating to any sale or shipment of, and payment for, sugar."

"Our authority is evidenced by the endorsement of our members who have affixed their signatures below. We will appreciate any courtesies or assistance that you may lend the above named to facilitate his work."

(Signed by:) American Sugar Refining Company; Arbuckle Brothers; California and Hawaiian Sugar Refining Corporation, Limited; Godchaux Sugars, Inc.; Henderson Sugar Refinery; Imperial Sugar Company; W. J. McCahen Sugar Refining & Molasses Company; National Sugar Refining Company; Pennsylvania Sugar

Company; Revere Sugar Refinery; Savannah Sugar Refining Corporation; Spreckels Sugar Corporation; Texas Sugar Refining Corporation; Western Sugar Refinery.

Thanking you for your kind attention, I am,

Very truly yours,

W. W. PATTERSON.

2202 *Government Exhibit 204*

DETROIT, MICHIGAN, *Dec. 16, 1930.*

Mr. FRED TAYLOR,
Secretary Sugar Refiners Institute,
129 Front St., New York, N. Y.

DEAR SIR: In order that there may be no misunderstanding of conversation held with your Mr. Patterson today, I want to again state our position. Mr. Patterson tells me that we are charged with breaking our broker's oath. I asked Mr. Patterson to put in writing the charge that was made against us so that we would know exactly what the basis of this investigation is.

Second, Mr. Patterson asked access to our books, records, file room and so forth, and I told him that if he would put in writing exactly what books, files, and records he desired we would be very glad to furnish him with them as long as they were part of the records of the refiners that are members of the Sugar Refiners Institute and not carried out of this office.

I offered Mr. Patterson a room in the office and agreed to furnish him with the files and papers as he wanted them, and if the investigation is to be carried on and completed we will be very glad to cooperate along these lines. I am not willing to have the investigation take place on generalities.

Believe me,

Sincerely,

C. G. EDGAR.

2203 *Government Exhibit 205*

[Postal Telegraph]

PHILADELPHIA, PENN., *Dec. 19, 1930.*

W. H. EDGAR AND SON,
1924 Lafayette Blvd.:

Referring to general letter of authority given by all members the Sugar Institute to Institute's investigators, we authorize and request you to comply therewith as to our transactions, and specifically to permit such investigators to examine all files and records in your possession relating to all sales of our sugars made by you as broker for our account and to the shipment of and payment for such
2204 sugars and to make extracts and copies of any such files and records without requiring such investigators to specify any

particular transaction or matters the subject of such examination Stop. These investigators have our complete authority for above purposes, and we bespeak for them our fullest cooperation Stop. We shall appreciate your wiring us that you will comply in accordance with the foregoing.

PENNA SUGAR CO.

12:18 p. m.

2205 *Government Exhibits 206, 207*

Exhibits 206 and 207 (filed with the Clerk of the Supreme Court in lieu of printing) are telegrams dated December 18, 1930, from National and American to Edgar, identical with Exhibit 205.

2206 *Government Exhibit 208*

[Western Union]

NEW YORK, N. Y., *18—4:28 p.*

W. H. EDGAR & SON,
1924 Lafayette Blvd.:

We refer you to general letter of authority given by us to Sugar Institute investigators. Stop. In accordance with this letter we ask you to immediately submit for their examination any and all records pertaining to sugar transactions which you as our broker have handled for us.

REVERE SUGAR REFINERY.

2207 *Government Exhibit 209*

[Western Union]

NEW YORK, N. Y., *18—5:41 p.*

W. H. EDGAR & SON,
Detroit, Mich.:

Please let investigators of Sugar Institute inspect and photostat, or copy if demanded, all records in your office pertaining to our sugar transactions in which you served as broker. Stop. It is our policy to afford every facility to fullest investigations all our transactions and not restrict investigations to specific complaints. Stop. We request your fullest cooperation in all instances our sugars in which you were broker.

ARBUCKLE BROS.

2208 *Government Exhibit 210*

[Postal Telegraph]

DETROIT, MICHIGAN, *Dec. 19, 1930.*

PENNSYLVANIA SUGAR COMPANY,
Philadelphia, Pa.:

Before answering your telegram received this morning, our counsel requests information, "Is examination proposed based on mere request or upon some claimed right?" If latter, please refer us to source of such authority. In any event, whatever examination contemplated, we think, should be undertaken by men whom we feel will approach investigation without bias.

C. G. EDGAR.

2209 To:

NATIONAL SUGAR REFINING COMPANY,
129 Front Street, New York, N. Y.
Mr. J. F. ABBOTT,
AMERICAN SUGAR REFINING CO.,
120 Wall St., New York, N. Y.
ARBUCKLE BROTHERS,
110 Wall St., New York, N. Y.
REVERE SUGAR REFINING CO.,
15 Broad Street, Boston, Mass.

2210 *Government Exhibit 211*

[Postal Telegraph]

NEW YORK, N. Y., *Dec. 22, 1930—1:18 p.*

W. H. EDGAR AND SON:

Your wire nineteenth. Stop. Our telegram eighteenth as stated therein was request upon you to supply information to Institute with reference to sales of our sugar by you as our broker. Stop. We have not asked our counsel for opinion as to our rights in matter, as we assumed you would furnish to Institute on our request all information requested by it concerning sales and deliveries of our sugar. Stop. We again request your fullest cooperation.

J. F. ABBOTT.

1:48 p. m.

2211 *Government Exhibit 212*

[Postal Telegraph]

PHILADELPHIA, PENN., *Dec. 22, 1930—4:23 p.*

Gen. C. G. EDGAR,
Care W. H. Edgar and Son, 1924 Lafayette Blvd.:

In reply to your telegram of December nineteenth our telegram of the eighteenth was in the nature of a request and we would appre-

ciate your fullest cooperation in examination of records of any transactions in connection with the sale of our sugars.

PENNA SUGAR CO.

4:52 p. m.

2212 *Government Exhibit 213*

[Western Union]

NEW YORK, N. Y., *Dec. 23—6:31 p. m.*

W. H. EDGAR & SON,
Detroit, Mich.:

As advised you over phone, it is our desire that you place Institute investigators in position to see all records pertaining to handling of Godchaux sugars as regards any resale of them or any handling of them by you as a claimed dealer, as well as any transactions where Godchaux sugars may have been handled by you for delivery to customers by truck stop. Your cooperation in the clarification of these matters will be greatly appreciated.

GODCHAUX SUGARS., INC.,
J. MOGG.

6:31 p. m.

2213 *Government Exhibit 214*

[Western Union]

NEW YORK, N. Y., *Dec. 23, 1930, 4:53 p. m.*

C. G. EDGAR & SON:

Our telegram of December nineteenth was merely a request of you to allow the Institute auditors to check such records as you have in your office pertaining to our business. Hope you will comply with this request.

THE NATIONAL SUGAR REFINING CO. OF N. J.

2214 *Government Exhibit 217*

GOODCHAUX SUGARS, INC.,
10th Floor Masonic Temple Bldg.,
New Orleans, March 13, 1930.

W. H. EDGAR & SON,
Detroit, Michigan.

GENTLEMEN: Under a recent ruling of The Sugar Institute, it is necessary that we have all of our brokers sign a Brokers' Pledge, and we are enclosing a copy of this pledge, in triplicate, and will ask that you execute and sign same before a notary public and return all three copies to us.

Thanking you for your prompt attention.

Yours very truly,

GODCHAUX SUGARS, INC.,
J. A. BERTONIERE.

2215 *Government Exhibit 218*

ARBUCKLE BROTHERS,
New York, March 17, 1930.

W. H. EDGAR & SON,
Detroit, Mich.

[Confidential]

DEAR SIR: We hand you herewith two copies of a pledge which we desire that all brokers sign in duplicate before a Notary Public and returned to us before March 31, 1930.

We have a supply of these pledges on hand, and we would thank you to call upon us at your earliest convenience for sufficient copies to enable you to secure from each of your subbrokers two signed copies sworn to before a Notary Public.

Please note that this pledge obligates the broker to report to the refiner any violations of the pledge and the Code of Ethics of The Sugar Institute, Inc., in connection with transactions between the individual refiner and the broker named in the pledge and a customer or customers. In other words, it is not presumed that the broker shall report such violations to The Sugar Institute, Inc., or to any other member of the Institute.

We also wish to advise that every broker will be required to sign identically the same pledge. You need not hesitate to sign this pledge and return it to us promptly. Provisions of the pledge will not be made effective until every broker who offers business to us has signed a pledge. You will know the effective date on receipt from us of your copy of the pledge properly executed by us.

Yours very truly,

ARBUCKLE BROTHERS.
CODY.

2216 *Government Exhibit 219*

GODCHAUX SUGARS, INC.,
10th Floor, Masonic Temple Bldg., New Orleans, March 29, 1930.

W. H. EDGAR & SON,
Detroit, Mich.

DEAR MR. BEEBE: We return you herewith a duly executed copy of the Broker's Agreement, which you will note we have signed on behalf of the Company. We recommend that you keep this for your files, and any time you are in doubt as to any position to be taken on any matter that you refer to same for your guidance.

In further amplification, we will place in your hands shortly a copy of the Code of Ethics of The Sugar Institute, brought down to date. In this way you will be thoroughly posted as to the manner in which

all members of The Sugar Institute are endeavoring to conduct the merchandising of sugar.

Thanks for your prompt cooperation in the signing of this agreement, and also expressing our appreciation of your expressed intent thereby to further enforce ethical principle in the merchandising of sugar, we remain,

Yours very truly,

J. Mooc,
Senior Vice President.

2217 *Government Exhibit 220*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 6, 1930.

Mr. A. W. BEEBE,
W. H. Edgar & Son, Detroit, Michigan.

DEAR MR. BEEBE: We have your letter of October 2nd, in which you amplified your letter of September 10th regarding the payment of cartage charges on sugar deliveries.

We regret to advise that this reply is not sufficiently broad to cover our requirements or meet the terms of the commitments you have made under your broker's pledge, in that it limits the discontinuance of the payment of cartage to "sugars of the members of the Sugar Institute."

It was our understanding and expectation that you would make this apply to any and all white sugars which you handle, regardless of whether they were beet, off-shore, or refiners' sugars.

To refresh your memory on the matter of your commitment to which I have referred, the broker's agreement and pledge which you have signed reads in paragraph (1) as follows:

"(1) That he will carefully peruse all letters, circulars, or bulletins received by him containing interpretations of the Code of Ethics of the Sugar Institute or regulations thereunder, and will conscientiously uphold the spirit and letter of the same in all transactions, except when otherwise specifically authorized by the refiner."

The Code Interpretations, Section V, Page 2, Par. 3, read as follows:

"*Brokers Handling Foreign Sugar:* Members of the Institute should cease the employment of brokers who, in the handling of refined cane sugar, or other white sugars, fail to observe the standard of business conduct laid down in the Institute's Code of Ethics, or who fail to sell all such sugars on prices which are openly announced and upon terms and conditions which are fair trade practices under the Institute's Code of Ethics."

You will note from the above that it is specifically provided
2218 that brokers who handle the sugars of member refiners should also handle any other sugars in which they may be interested "on terms and conditions which are fair trade practices under the Institute's Code of Ethics."

May we, therefore, have your assurance that you will comply with the Code in respect to paying trucking charges on all sugars for which you may be acting as broker or selling agent?

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2219 *Government Exhibit 221*

THE AMERICAN SUGAR REFINING COMPANY,
120 Wall Street, New York, February 26, 1931.

Mr. A. W. BEEBE,
W. H. Edgar & Son, Detroit, Michigan.

DEAR MR. BEEBE: You recently forwarded us a subbroker's agreement for the Milburn Brokerage Company, Harrison, Arkansas, which was duly executed.

We have received information tending to show that Mr. Milburn, presumably of this firm, controls the Harrison Grocer Company, Harrison, Arkansas, and the Harrison Grocer Company, Monett, Missouri. If this is true, you can see that this concern is not entitled to act as subbrokers.

Will you look into the situation without advising them that the information came from us. We cannot vouch for its accuracy; however, in order to save trouble, we thought it best to request you to look into it.

Yours very truly,

C. H. WHITE, Jr.,
General Sales Manager.

2220 *Government Exhibit 222*

THE AMERICAN SUGAR REFINING COMPANY,
120 Wall Street, New York, August 26, 1931.

To Our Brokers:

There has been some question raised as to the proper interpretation of Paragraph 9 in Broker's Pledge which you have signed for us. In order that this may be cleared up, we are quoting herewith recent interpretation:

"The word 'agents' in Paragraph 9 of the Broker's Pledge includes any person or firm whose compensation is dependent on the amount of sugar sold and not upon a straight salary basis; and therefore any such person or firm should sign a Broker's Pledge."

If you are accepting any business for our account from a second party who has not signed a Broker's Pledge, and are paying such party any commission for securing such business, the party in question should immediately sign a Broker's Pledge or else you must

discontinue the connection. If you have any such arrangement that has not been covered by a Broker's Pledge, please advise us upon receipt of this communication.

Yours very truly,

C. H. WHITE, Jr.,
General Sales Manager.

2221 *Government Exhibit 223*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, February 20, 1928.

Mr. A. W. BEEBE,
c/o W. H. Edgar & Son, Detroit, Mich.

DEAR MR. BEEBE: Relative to your letter of February 11th, in which you list a number of consignment points that you would recommend, while no definite ruling has been made by the Institute up to this time we do understand that favorable consideration is being given to most of the points shown in your letter. However, we do not believe the following will be included: Grand Rapids, Michigan; Akron, Ohio; Canton, Ohio; Wheeling, West Virginia.

With best wishes.

Sincerely yours,

C. H. WHITE, JR.,
General Sales Manager.

2222 *Government Exhibit 224*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 25, 1928.

Mr. JAMES H. POST,
President National Sugar Refining Company,
129 Front Street, New York, N. Y.

MY DEAR MR. POST: I noted your remark at yesterday's meeting that, if Edgar persisted in carrying consignment stocks at Grand Rapids, the National could not continue indefinitely to allow him to take that market.

I assume that you meant that any such action would be taken after due notice to the Institute and that the National is not now consigning to Grand Rapids. Will you please check this and advise me. In order to make the matter definite, I should be glad to have the date of the last consignment which was actually made.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2223 *Government Exhibit 224–A*

[Copy]

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York City, April 26, 1928.

Judge SIDNEY BALLOU,
The Sugar Institute, Inc., New York City.

DEAR SIR: In reply to your letter of April 25, we wish to state our last shipment to Grand Rapids for consigned stock went forward under date of March 13, to apply against a requisition submitted as of March 9.

These sugars were shipped to fill contracts previously taken for delivery from consignment.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
(Sgd.) JAMES H. POST, *Pres.*

2224 *Government Exhibit 225*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 26, 1928.

General C. G. EDGAR,
% W. H. Edgar & Son, Detroit, Michigan.

MY DEAR GENERAL: I enclose copies of correspondence with the National which are self-explanatory. There was some confusion and misunderstanding as to the effective date of consignment points. The report of a committee was approved by the Executive Committee of the Institute late in February and recommended to the Board of Directors. It was not finally approved by the Board of Directors until their meeting of March 15th.

Some Members understood that the recommendation of the Executive Committee was immediately effective and some that it was not effective until the action of the Directors. Even at that latter date some refiners took different views of their obligations under their outstanding 30-day contracts.

To settle this matter finally I requested every Member, under date of March 28th, to state whether he had any further outstanding commitments which would require him to consign to other than recognized markets. I received final replies in the negative from all North Atlantic refiners, the last under date of April 3rd.

I am satisfied that this is a case of the Twilight Zone of such a transition. No irregularities subsequent to April 3rd have been brought to my attention either by rumor or otherwise.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2225 *Government Exhibit 226*

APRIL 30, 1928.

Judge S. BALLOU,
129 Front Street, N. Y. City.

MY DEAR JUDGE: Confirming our conversation of this morning, we are without exception *assessing a charge of 10¢* per 100 pounds for accommodation deliveries from our stocks of sugar at points that are recognized as consignment points for delivery of accommodation lots of sugar to manufacturers and wholesale grocers that are entitled to buy from refiners—this means that our price will be based at 10¢ a 100 pounds over the New York list plus the prevailing all-rail rate of freight, less 2%. We will make these deliveries only as an accommodation; they will not be permitted to develop into a continuous practise—and only as an accommodation. Sugars we carry in stock at points not consignment points are for sale to the retail trade with this exception. Of course, we can continue this practice only as long as refiners do not consign and make deliveries at other than the recognized points.

Believe me,
Sincerely,

2226 *Government Exhibit 227*

JUNE 19TH, 1928.

Judge SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

MY DEAR JUDGE BALLOU: Answering yours of June 12th, I had the pleasure of an interview with your Mr. Taylor yesterday, and I am not, therefore, going to attempt to answer your letter on the Grand Rapids situation. Mr. Taylor assures me that he feels from yesterday, the 18th, that the violation of the Code of Ethics in distribution of sugar from consignments in Grand Rapids will cease and that the National Sugar Refinery have agreed to ship out of Grand Rapids the requirements of their consigned stock and will hereafter only use the market as a reconsignment point.

You can understand, my dear Judge, that all these negotiations have made a very grave difference to us in the market. We have had confidence that the Code of Ethics would be lived up to in Grand Rapids, and we have been subject to great criticism by our own salesmen and by the trade because we have persisted in the 10¢ charge and only permit accommodation and emergency deliveries from our stock there. I am not sure we can always be so longsuffering.

2227 I told Mr. Taylor we would be glad to put in a charge of 5¢ a hundred on all less than carload deliveries from consignment and that we would be perfectly willing to make the announcement on our own behalf and on word from you.

Believe me,

Sincerely yours,

2228 *Government Exhibit 228*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 18, 1928.

Mr. A. W. BEEBE,
% W. H. Edgar & Son, Detroit, Michigan.

MY DEAR MR. BEEBE: Occasional complaints are registered at this office against the practices of the Edgar Company, of which the following is a typical one:

"Edgar is carrying sugars in a number of county seats in Indiana and delivering the sugars within a radius of these seats, where the trucking rates are cheaper than those from Indianapolis. Edgar sees that the sugar is delivered to the A. & P. Tea Company's stores and the A. & P. reimburses them for the actual delivery charges."

This complaint comes from a broker who represents a New York refiner in that district and asks for the privilege of meeting the terms and conditions of Edgar service.

Our understanding with General Edgar has been that he will, as a general proposition, recognize only the consignment points that are recognized by members of the Institute, but where it appears necessary to make an exception and institute an independent consignment point, *he will charge ten cents extra per 100 lbs. for such service.*

Will you please advise us regarding the matter, as there is obviously a discrepancy between the practice alleged and our understanding with General Edgar.

May we again call your attention to the matter of supplying a list of your warehouses, as we are holding up our clearance to include same.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

P. S.—It is also reported to us that you are keeping stocks at Port Huron that are available to your trade at refiners' quotations.

2229 *Government Exhibit 229*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 9, 1929.

General C. G. EDGAR,
W. H. Edgar & Son, Detroit, Mich.

MY DEAR GENERAL: Will you kindly let me know whether you are carrying stocks at the following points in Indiana and, if so, on what basis:

Logansport,
Peru,
Kokomo,
Anderson,
Muncie.

Our rate sheets show that all these points are outside of Southern territory as defined for consignment purposes; that is, that the all-rail rate from Philadelphia is in all cases less than the all-rail rate from New Orleans.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2230 *Government Exhibit 229–A*

JANUARY 14, 1929.

Judge SIDNEY BALLOU,
Secretary, % The Sugar Institute, Inc.,
New York City, N. Y.

DEAR MR. BALLOU: I acknowledge receipt of your letter of the 9th addressed to Mr. Edgar and will attempt to answer the same during his absence.

We do carry either retail or Isbell stocks at Logansport, Peru, Kokomo, Anderson, and Muncie, which you mentioned in your letter. Any deliveries from these stocks, however, to jobbers at those points are charged 10¢ over the basis, as per your understanding with Mr. Edgar.

We trust this gives you the information you desire.

Thanking you, we beg to remain,

Yours truly,

EDGAR'S SUGAR HOUSE.

2231 *Government Exhibit 230*

NEW ORLEANS, LA.,
Jan. 27, 1930—2:30 p. m.

W. H. EDGAR AND SON,
Detroit, Mich.:

Referring your request consignment Terre Haute this point long time since eliminated by Institute as consignment point, therefore unable ship same.

GOODCHAUX SUGARS, INC.

4:03 p. m.

2232 *Government Exhibit 231*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 28th, 1930.

General C. G. EDGAR,
W. H. Edgar & Son, Detroit, Mich.

DEAR GENERAL EDGAR: It is reported to us that you are carrying consignments of both Spreckels and American sugars in Grand Rapids, and that your representatives were recently soliciting business from stocks of bulk, barrels of standard, cases of tablets at Dayton, Ohio. These reports are some days old.

It has also very recently been reported to us that you have a consignment at Springfield from which you are supplying certain trade.

Will you please let us hear from you at earliest convenience regarding these items.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED D. TAYLOR,
Executive Vice Secretary.

2233 *Government Exhibit 232*

PHILADELPHIA, PENN., *Apr. 30, 1929.*

EDGARS SUGAR HOUSE,
Detroit, Mich.:

Effective immediately on new business we will quote to the following markets sugar at delivered prices only. The price quoted will be our basis price plus the following rates which include tare: Syracuse, bags twenty-seven point eight, barrels containers twenty-
2234 nine point four; Rochester, twenty-nine point four and thirty-one; Buffalo, thirty-three and thirty-four point nine; Cleveland, thirty-seven point one and thirty-nine point two; Detroit, forty point two and forty-two point five; Greenbay, fifty-nine

point three and sixty-two point six; Cincinnati, forty-five point three and forty-seven point nine; Chicago, fifty-one and fifty-three point nine; Milwaukee, same as Chicago.

PENNSYLVANIA SUGAR CO.

12:36 p.

2235 *Government Exhibit 233*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 23rd, 1928.

To all members of The Sugar Institute:

Subject: Private pool cargoes.

GENTLEMEN: The attention of the Executive Secretary has been called to the practice of chartering private steamers, at a rate lower than the published freight tariff and the allocation of a portion of the space to certain selected buyers whose sugar is thus delivered at the private-charter rate.

There can be no objection to refiners getting their own sugar to market in the cheapest way available, but the Executive Secretary is inclined to think that the allocation of such space to particular buyers amounts to the delivery of sugar at a price not open to all and is, therefore, discrimination within the meaning of the Code of Ethics.

Before making any ruling on the subject, the Executive Secretary would like to have the views of the Members of the Institute

Very truly yours,

(Sgd.) SIDNEY BALLOU,
Executive Secretary.

2236 *Government Exhibit 234*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 2, 1928.

General C. G. EDGAR,
W. H. Edgar & Son, Detroit, Mich.

MY DEAR GENERAL: With regard to business done along the line of the New York State Barge Canal on the barge freight application, I have explained to you that the members of the Institute do not encourage the making up of pool cargoes but we see no practicable way of preventing brokers (whether so-called "representatives" of refiners or not) from making up such pool cargoes. Refiners therefore honor bona fide orders along these lines.

Refiners will not, however, put in any of their own sugar to make up such a pool cargo. I note from your letter of July 16th that you are doing this, and I am frank to say that I am very doubtful whether or not to request you to stop this practice. This doubt, of course, arises from the fact that while *you have consented to play the*

game on the same terms as the refiners, the sugar in question has actually been purchased by you from refiners f. o. b. New York and to that extent might be considered customer's sugar.

At any rate, I have received no complaint of this practice, and until I receive one we will let the matter stand as it is.

There is another matter, however, which directly affects your competition with refiners and which I wish to call to your attention. This is the application of any differential freight rate lower than the basic selling application to any shipment which has not moved the entire distance at customer's request. In other words, the rule is strictly adhered to that any customer getting the benefit of such lower differential rate must take the entire disadvantage of the slow movement from point of origin including risk of the market the entire time of transit.

This rule is particularly applicable to barge shipments on the Mississippi (except where the barge rate is the selling basis for all purposes at destination) and barge shipments by New York Canal from New York.

2237 The application of this rule prevents a refiner from diverting his sugars already in transit and perhaps nearly at destination to the use of a customer to be billed at the barge rate application. It is felt that the principle is the same as though the sugar had gone the entire distance as refiner's sugar and was delivered out of consignment, in which case the all-rail or other higher freight application generally in force at the terminal market is applied. In any event, the rule has always been rigidly enforced that these differential rates are applied only to sugar shipped at customer's request, i. e., sugar that belongs to the customer at the time it is put on the barge at refinery points.

I have been frank to state to the refiners here that I do not think I have kept you fully informed as to the development and enforcement of this rule, because it was applicable primarily to refiners' own sugar, and all refiners were informed by the discussion and decisions around our table. However, the rule is on the same principle and quite as important as the nonapplication of these low differential freight rates to consignment sugars, and as you are following the recommendations of the Institute in this respect I have no doubt you will extend them to the case in point.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2238 *Government Exhibit 235*

General C. G. EDGAR,
Care W. H. Edgar & Son,
Detroit, Mich.

In conformity with the code of ethics adopted by the Sugar Institute today on new business taken on and after Monday, January

ninth, we shall make no allowances or concessions for any reason whatsoever on our open publicly announced prices.

JAMES F. BROWNLEE.

2239 *Government Exhibit 236*

[Postal Telegraph]

APRIL 24, 1929—2:33 p. m.

W. H. EDGAR AND SON,
Detroit, Mich.

Arbuckle announces offerings at canal and Lake ports on prices inclusive of transportation charges, whether shipment routed via water carrier or not, buyer to pay carrier billed rate and deduct excess over Arbuckle's open quoted rate, remittance to be accompanied by satisfactory evidence of arrival at destination stop. Bulletin states this plan experimental and if successful may be extended to other markets stop. Quoted rates and list of markets subject to change without advance notice, dependent on fluctuations in
2240 private transportation rates stop. Plan will be applied only to contracts that specifically make it part of the contract at time of confirmation and will be limited to shipments made to original buyer stop. Referring to above, Arbuckle announces Quote subject to terms and conditions of our announcement of April twenty-fourth regarding sales of refined sugar at price inclusive of transportation charges we now quote following rates on new business, viz, Syracuse, twenty-three cents; Rochester and Buffalo, nineteen; Cleveland, twenty-six; Detroit, twenty-seven; Green Bay, thirty-seven; Milwaukee and Chicago, thirty-eight and one-half; Cincinnati, thirty-six unquote.

THE SUGAR INSTITUTE.

2241 *Government Exhibit 237*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
101 SOUTH FRONT STREET,
Philadelphia, Pa., April 11, 1928.

Hon. SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: Referring to previous correspondence, particularly to my letter of April 3rd and to your reply of the 4th (which letters were quoted in a memorandum dated April 5th, addressed to all members of the Institute), it is my understanding that the present freight-rate *situation* in the competitive territory served by both Atlantic Coast and Gulf refiners can *be expressed as follows*:

Until further notice all consignment deliveries and direct shipments are to be invoiced at the lowest "all rail" freight rate from any refinery to the point of destination, payable 7 days after delivery or arrival, unless the buyer requests a direct shipment over a differ-

ential route, in which case such direct shipments are to be invoiced at the lowest freight rate available from any refinery to the point of destination over a differential route furnishing service similar to that furnished over the route actually shipped, payable 10 days after shipment on "water and rail" routes and 14 days after shipment on long-haul barge and "all water" routes.

If the freight-rate basis to this territory should be broken down to the basis of some differential rate, then all consignment deliveries and direct shipments made either by "all rail" or by "water and rail" differential routes having a rate equal to or higher than the basing rate will be invoiced at such basing rate, payable 7 days after delivery or arrival, unless the buyer requests a direct shipment over a differential route having a rate lower than the basing rate, in which case such direct shipments are to be invoiced at the lowest freight rate available from any refinery to the point of destination
2242 over a differential route furnishing service similar to that furnished over the route actually shipped, payable 10 days after shipment on "water and rail" routes and 14 days after shipment on long-haul barge and "all water" routes.

Yours very truly,

LOUIS V. PLACÉ, Jr

2243 *Government Exhibit 238*

THE W. J. McCAHAN SUGAR REFINING & MOLASSES CO.,
101 South Front Street,
Philadelphia, Pa., April 17, 1928.

Hon. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: Referring to my letter of April 11th and previous correspondence and referring to my conversation with Mr. Paterson in your office yesterday, regarding terms of payment to apply to shipments made by "differential" routes into "competitive territory served by both Atlantic Coast and Gulf Refiners", I would suggest that the payment terms of 14 days after shipment on long-haul barge and "all-water" direct shipments and of 10 days after shipment on "water-and-rail" direct shipments from the Atlantic Coast should be exacted in every case where the rate of freight invoiced is equal to or greater than lowest freight rate available on direct shipments over "differential" routes from the Gulf. Within this territory payment terms of 14 days after shipment should be exacted on long-haul barge direct shipments from the Gulf.

Outside of the territory defined above, regular payment terms of 7 days after arrival may be quoted on all shipments.

I would appreciate your advising me, for my guidance, whether or not this letter, taken together with my letter of April 11th, *clearly defines the present understanding on this subject.*

Yours very truly,

LOUIS V. PLACÉ, Jr.

2244 *Government Exhibit 239*

APRIL 18, 1928.

Mr. LOUIS V. PLACE,
Vice President, W. J. McCahan Sugar Ref'g. & Molasses Co.,
101 South Front Street, Philadelphia, Pa.

MY DEAR MR. PLACE: Referring to your letters of April 11th and April 17th and your conversation with Mr. Patterson in this office regarding terms of payment to apply to shipments made by "differential" routes into "competitive territory served by both Atlantic Coast and Gulf refiners", I am sending under separate cover a *map*.

I would like a line drawn in following the suggestions made in your letter of April 17 regarding this territory. It would be appreciated if you would return the *map* with this line drawn in at your earliest convenience.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2245 *Government Exhibit 240*

[Copy]

APRIL 3, 1928.

Hon. SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: Referring to (1) your letter to us dated March 23rd, (2) the discussions at the meeting at the Institute on March 29th, (3) my letter to Mr. M. E. Rionda dated March 31st (of which copy was furnished to you) and (4) our conversation yesterday, I wish to confirm my understanding of the freight-rate situation in the competitive territory served by both Atlantic Coast and Gulf refiners.

Until further notice all consignment deliveries and direct shipments are to be invoiced at the Gulf "all-rail" rate or the Atlantic "all-rail" rate (whichever is lower to the point of destination), payable 7 days after delivery or arrival, unless the buyer requests a direct shipment over a differential route, in which case such shipments are to be invoiced at the actual freight rate over the route shipped, payable 10 days after shipment on "water-and-rail" routes and 14 days after shipment on long-haul barge and "all-water" routes.

I further understand that, if the freight-rate basis to this territory should be broken down to the basis of some differential rate, then all consignment deliveries and direct shipments, made either by "all-

rail" or by "water-and-rail" differential routes having a rate equal to or higher than the basing rate, will be invoiced at such basing rate, payable 7 days after delivery or arrival, unless the buyer requests a direct shipment over a differential route having a rate lower than the basing rate, in which case such shipments will be invoiced at the actual freight rate over the route selected, payable 10 days after shipment on "water-and-rail" routes and 14 days after shipment on long-haul barge and "all-water" routes.

Yours very truly,

LOUIS V. PLACÉ, Jr.,
Vice President.

2246 *Government Exhibit 241*

[Copy]

THE SUGAR INSTITUTE, INC.,
New York, N. Y., April 4, 1928.

Mr. LOUIS V. PLACÉ, Jr.,
W. J. McCahan Sugar Refining & Molasses Company,
101 South Front Street, Philadelphia, Pa.

MY DEAR MR. PLACÉ: I have your letter of April 3rd relative to the freight-rate situation in the competitive territory served by both Atlantic Coast and Gulf refiners.

I understand that the situation is as expressed in your letter with the exception that New York refiners in shipping over the so-called "standard differential routes" carrying a rate of 51½¢ to Chicago, are absorbing 2¢ to put them on a parity with the standard differential routes from Philadelphia, this absorption in the same manner and to the same extent as is customary in all-rail shipments.

Yesterday, however, I notified all members of the Institute that Western had authorized the application of the lake and rail rate in Twin Cities territory, only to be applicable to withdrawals after the arrival of the first lake boat at Duluth.

While I notified the Western this morning that there was no sugar whatever on order and in transit to Twin Cities by differentials routes at customer's request, it is not probable that this will now be changed.

Any refiner meeting this competition is, of course, at liberty to meet the Western's terms of payment so far as it can be done without split billing.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

2247 *Government Exhibit 242*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
101 SOUTH FRONT STREET,
Philadelphia, Pa., April 11, 1928.

Hon. SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: Referring to our conversation on Monday regarding shipments to a branch factory of a St. Louis confectioner, I now believe there will be no ruling necessary in this case.

My perplexity had been due to the fact that the National Despatch freight rate to this factory was 2¢ per 100 lbs. lower than our lowest Philadelphia freight rate.

I now find that we can ship to this branch factory by the "ocean-and-rail" route. Ordinarily there would be no advantage in doing this because in this Eastern market the "ocean-and-rail" rate is the same as the "all-rail" rate. However, under the ruling established by New York refiners that it is permissible to absorb freight on a shipment over a differential route to meet the lowest freight rate over a similar differential route from another refining center, it will now be possible for us to meet the National Despatch rate to this branch factory, provided our own shipment is made over the "ocean-and-rail" route.

Yours very truly,

LOUIS V. PLACÉ, Jr.

2248 *Government Exhibit 243*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
101 SOUTH FRONT STREET,
Philadelphia, Pa., April 5, 1928.

Hon. SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: I appreciate your prompt reply of the 4th to my letter of the 3rd regarding my understanding of the freight-rate situation in the competitive territory served by both Atlantic Coast and Gulf refiners.

I note that New York refiners now insist upon invoicing their "water-and-rail" direct shipments at the Philadelphia "water-and-rail" rate. This is contrary to the fundamental theory of the Institute that differential rates should not be used except on direct shipments made at the buyer's request over differential routes actually quoting such differential rates.

Based on the line of thought used by New York refiners in this matter, it would be just as logical for Philadelphia refiners to insist upon invoicing "water-and-rail" direct shipments at the New York

"water-and-rail" rate over the Canada Atlantic Transit route, which to all intents and purposes is practically a similar movement to our own Great Lakes route. However, we are not at the present time insisting upon this point, though we reserve the right to reopen this subject should the C. A. T. competition render it necessary for us to do so.

Yours very truly,

LOUIS V. PLACÉ, Jr.

2249 *Government Exhibit 244*

JANUARY 16, 1929.

ARBUCKLE BROTHERS,
71 Water Street, New York, N. Y.

GENTLEMEN:

Subject: Basing rates in C. F. A. territory

As you are no doubt aware, it has been *customary* for some years for refiners in distributing sugars in Central Freight Association territory east of the area in which New Orleans rail rates are lower, to *apply Philadelphia rail rates on deliveries from consignment and on shipments moving all rail, despite the fact that Baltimore rates to this area are lower. This application of the Philadelphia rate* contrasts with the selling practice in Eastern territory where the lowest rate, New York, Philadelphia, or Baltimore, is applied in the territories local to these three refining points.

Along the eastern border line of Central Freight Association territory, particularly in the western part of West Virginia, there are some few points where there is some question as to whether these points are actually in Central Freight Association territory, or in Eastern territory, and whether the Eastern territory application of the lowest rate (the Baltimore rate) should apply, or the customary Central Freight Association application of the Philadelphia rail rate.

From a tariff viewpoint this difference is more clearly indicated by the fact that some of these points are carried in the local tariffs of the carriers, whereas, on the other hand, the same points appear as Central Freight Association points in agency tariffs. The question then arises as to the proper allocation of such points and the selling rate properly applicable.

It has been suggested that any question as to the status of a particular point, so far as its location in Central Freight Association territory is concerned, can best be determined by uniform procedure permitting a certain tariff to determine this status. The trunk line class rate tariff issued by Agent Wilson, under I. C. C. #A. 149, is quite generally conceded to carry practically all points in Central Freight Association territory, to which rates are figured

on a percentage basis. Consequently it has been suggested
2250 that this tariff be used as the means of determining whether or not Central Freight Association territory selling rates should be applied. In other words, if a particular point appears in this tariff with a percentage reference, this point shall be considered a Central Freight Association point irrespective of whether the point also appears in local tariffs of trunk-line carriers.

Will you please advise what principle you are using at present in determining the selling rate applicable at these points, and any recommendations which you may desire to make on this subject.

The above suggestion regarding the use of Wilson's tariff is submitted with the idea of arriving at *uniformity of selling rates at points above referred to*, and we would very much appreciate an expression from you as to whether you consider the basis suggested a proper and workable one for securing this result.

Very truly yours,

Executive Secretary.

2251 *Government Exhibit 245*

[By Hand to 10 Directors, Zabriskie, Domestic Sugar Bur., Western.]

[By telegram to C. & H., Godchaux, Henderson, Savannah.]

APRIL 16, 1928.

To all members of the Sugar Institute, Inc.

GENTLEMEN: There will be a special meeting of those members of the Sugar Institute who are interested in the following question, together with representatives of Hershey, California & Hawaiian, and Porto Rican "Snow White", in the Board Room of the Sugar Institute, on Thursday, April 26, at 1:30 P. M.

Question for Discussion: Should freight applications in Alabama, Tennessee, and Kentucky be on the *all-rail* or the *barge* basis?

Very truly yours,

Executive Secretary.

2252 *Government Exhibit 246*

H. H. PIKE & CO., INC.,
91 Wall Street, New York, August 16, 1929.

L. & W. ARMSTRONG COMPANY,
90 Wall Street, New York, N. Y.

GENTLEMEN: Godchaux Sugars, New Orleans, and the Sugar Institute, have called to our attention the matter of invoicing shipments from Mobile in less carload shipments to points in Alabama and

Mississippi, being invoiced on the New Orleans Barge LCL rate instead of the New Orleans Rail LCL rate. We have always invoiced these shipments on the New Orleans LCL rail rates but our Mobile representatives now state that you are billing the buyers on the New Orleans LCL Barge rate, and unless we meet your competition we will lose some of our business.

When the rates changed on August 30th, 1928, it is my understanding that we all agreed to use the New Orleans Rail basis for such shipments and I would hate to see this broken down. Can't you advise that you can fall in line with the rest of us?

To meet your competition last year; we have been allowing buyers in the city of Mobile the switching rate of $7.20 per car, applicable from the Alabama State Docks to uptown private sidings in Mobile, when such buyers truck their shipments from the State Docks in carload lots. The other refiners are trying to get us to discontinue this practice and load cars at Alabama State Docks, prepaying switching charges of $7.20 applicable to Mobile Sidings. We have informed them that we cannot do this unless you do so. Kindly advise your attitude on this feature.

Yours truly,

H. H. PIKE & COMPANY, INC.,

cc. Mr. Fred. Taylor, Sugar Institute; Godchaux Sugars, Masonic Temple, New Orleans, La.; Benham, Ziegler & Co., Mobile, Ala.

2253 *Government Exhibit 247*

[Postal Telegraph]

MARCH 22, 1929.

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas:

Freight applications should be based as closely as possible upon actual tare and while we have made no technical study of fibreboard containers, it would appear that they are intermediate between bags and barrels. We would, therefore, appreciate if, for present, you would *follow Godchaux rates*, and if further investigation is needed we will have a technical committee investigate.

THE SUGAR INSTITUTE.

2254 *Government Exhibit 248*

[Copy]

APRIL 27, 1929.

DEAR MR. WHITE: Referring to our telephone conversation yesterday, I enclose copies of my letters of April 5th, 15th, and 22nd,

addressed to Mr. Patterson of the Institute regarding freight-rate applications in Kentucky.

I now understand that you will take action on this subject on Monday.

Yours sincerely,

Mr. C. H. WHITE, Jr.,
The American Sugar Refining Co.,
New York, N. Y.

LOUIS V. PLACÉ, Jr.

2255 *Government Exhibit 249*

[Copy]

MAY 6, 1929.

DEAR MR. WHITE: I wish to refer to my letter to you of April 27th regarding *freight rate applications in Kentucky.*

Last Monday I had a telephone conversation with Mr. Abbott during which he asked me to delay action on this matter during a few days. To this I agreed at the time.

I now feel that I must insist that this matter be decided in one way or another without further procrastination.

Yours sincerely,

Mr. C. H. WHITE, JR.,
The American Sugar Refining Co.,
New York, N. Y.

LOUIS V. PLACÉ, JR.

2256 *Government Exhibit 250*

[Copy]

MAY 8, 1929.

DEAR MR. ABBOTT: Referring to my letter to Mr. Patterson of the Institute dated April 5th (of which I sent copy to Mr. White under date of April 27th) and in accordance with our telephone conversation yesterday, I enclose copy of our Announcement No. 41 of today.

Yours sincerely,

Mr. J. F. ABBOTT,
American Sugar Refining Co.,
New York, N. Y.

LOUIS V. PLACÉ, JR.

2257 *Government Exhibit 251*

[Copy]

MAY 11, 1929.

DEAR MR. ABBOTT: Referring to my letter of May 8th, with which I enclosed copy of McCahan's Announcement No. 41, dated May

8th, regarding freight rate applications in Kentucky, I have not as yet heard of any similar announcements on the part of other refiners.

In view of the "buying movement" that has occurred since May 8th, this delay on the part of other refiners gives us cause for regret.

Yours sincerely,

Mr. J. F. ABBOTT,
American Sugar Refining Co.,
New York, N. Y.

LOUIS V. PLACÉ, JR.

2258 *Government Exhibit 252*

[Copy]

MAY 15, 1929.

DEAR MR. ABBOTT: Permit me to thank you for the comments in your letter of the 13th instant in reference to McCahan's Announcement No. 41, dated May 8th. It was with the idea of receiving criticisms of this nature that I sent copy of this announcement to Mr. Patterson, of the Institute, on April 5th and to your Mr. White on April 27th.

Regarding Georgetown, S. C., you will note that we have not included the State of South Carolina in our Announcement No. 41 as we do not attempt to operate in this State.

Regarding New Bern and Wilmington, N. C., we disregarded the water rates available to these points because we are not prepared to make the necessary freight absorptions.

Regarding Phoebus and Hampton, Va., it is, of course, understood that on our own shipments, unless there has been notice to the contrary, the Philadelphia rail rate will apply if lower than rates from other refining centers. This is the reason we did not mention the Philadelphia rate in the first part of our announcement. In the second part of our announcement (covering C. F. A. territory and the State of Kentucky) we did mention the Philadelphia rate in order to indicate that the Baltimore rate will not apply even if lower than the Philadelphia rate.

Regarding Norfolk, Portsmouth, Newport News, and Sewell's Point, I trust that you are wrong in stating that the Baltimore all-water rate applies. We have been applying the Baltimore rail rate of 20½¢ to all of these points and we understood that other Refiners were doing likewise.

I believe that the above explanations show that, as far as McCahan is concerned, our Announcement No. 41 stands correct as issued. Should you have different ideas on the subject, I shall truly appreciate any further remarks which you may care to make.

Of course, I realize that, as far as the American is concerned, your announcement covering this territory must necessarily be a

great deal more complicated than ours. *That is why I had in mind that the American should have set the pace.* However, that is all "water over the dam" and we remain in *waiting for other Refiners to take action on freight rates in this territory.*

With best wishes and looking forward to seeing you tomorrow,

Yours sincerely,

Mr. J. F. ABBOTT,

American Sugar Refining Co., New York, N. Y.

L. V. P.

2259 *Government Exhibit 253.*

[Copy]

THE AMERICAN SUGAR REFINING COMPANY,
New York, N. Y., May 13, 1929.

Mr. LOUIS V. PLACE,

W. J. McCahan Sugar Ref. & Mol. Co.,

101 South Front Street, Philadelphia, Pa.

DEAR MR. PLACE: I have your letter of May 11th, in reference to the freight applications in southern and southeastern territory. This notice did not reach me until Thursday, the 9th, the date of the market move. Notwithstanding the fact that we are selling on what I believe to be the basis contained in your announcement, I wanted to put out this change on Friday, but in checking over your announcement I find that it contains some inaccuracies. For example, your selling basis in the State of Virginia is not the Savannah rail, the Baltimore rail, or the Baltimore ocean and rail rate, but is in fact the all water rate at Baltimore in some instances, such as Norfolk, Portsmouth, Newport News, and Sewell's Point, while at Phoebus and Hampton, Va., the Philadelphia all rail rate is used. Similarly, at Wilmington, N. C., the all water rate from New York is the selling basis and not the rates designated by you, while at Newbern, N. C., the special rate of 20 cents is the one on which we all sell. There is at least one point in South Carolina, namely Georgetown, where the all water rate is the selling basis and not the ocean and rail rate.

I am checking over the entire situation again, very carefully, in order that when our announcement does go out it will be accurate. Unfortunately, I was abroad last August when our original announcement was made, and for this reason I assume no responsibility for the inaccuracies therein. I know that you have been advised that we are not selling on the terms announced therein and I am sure that you will find we are billing the trade on exactly the same basis you are throughout the country.

Yours Very truly,

J. F. ABBOTT.
per C.

2260 *Government Exhibit 254*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
101 South Front Street, Philadelphia, Pa., May 21, 1929.

DEAR EVAN: Following our telephone conversation this afternoon I heard from Jack Cody that the American had under consideration an announcement (covering the territory mentioned in McCahan's Announcement No. 41) which is to include a 16½¢ rate to Norfolk, presumably to meet our competition.

I don't know where this idea could have originated but, in order to make sure that the American doesn't go off half-cocked I sent Paul Ripley the following wire (after having unsuccessfuly tried to reach him on the phone):

"Understand you contemplating 16½¢ rate Norfolk due McCahan announcement May 8th. Under this announcement we invoicing 20½¢ Norfolk."

To show you how this matter has become garbled up, I enclose copy of correspondence recently exchanged between Mr. Abbott and myself which shows clearly that the misunderstanding occurred on the part of Mr. Abbott. I have also sent to Mr. Ripley copy of this correspondence.

This might be a *splendid opportunity to spread "delivered prices" to this section of the country.*

Yours sincerely,

LOUIS

MR. EVAN T. FISHER,
The Sugar Institute, Inc., New York, N. Y.
LOUIS V. PLACE, JR.

2261 *Government Exhibit 255*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 6, 1929.

DOMESTIC SUGAR BUREAU,
120 South LaSalle St.,
Chicago, Ill.

GENTLEMEN: In answer to your letter of May 4th, inquiring if Eastern refiners are invoicing sugars in Chicago at 35.6 prepaid rate to be shipped lake and rail, I would say that one such full cargo shipment was made from McCahan in Philadelphia under the following circumstances.

About the middle of April it became apparent that so far from sugar being sold at lake ports upon open prices and without discrimination, sugar was actually being sold at discriminatory and secret prices. This was not only contrary to the Code of Ethics but was contrary to the wishes and desires of all refiners concerned.

This situation had been brought about by the shipment of sugars under private charters by all-water routes through the New York State Barge Canal. These all-water routes, as you are aware, are not

subject to the Inter-State Commerce Commission and many of them have no published tariff rates. Under these circumstances, and under the practices of the Eastern refiners then existing, either a broker or a customer could hire some of these boats and then buy a cargo of sugar f. o. b. New York and take it where he pleased. The refiner selling had no control over the sugar after he sold it at his New York list price and put it on the barge at customer's request. Under these circumstances several cargoes of sugar were shipped from New York at a 34½¢ all-water freight rate to Chicago. Some of these cargoes have not yet arrived in Chicago, having been delayed by high water in the New York State Barge Canal.

This state of affairs was the subject of complaint from the Philadelphia refiners who were experiencing difficulty in finding any all-water transportation from Philadelphia through the New York State Barge Canal. The Philadelphia refiners notified the Institute that while they would make every endeavor to make all-water shipments in meeting all-water competition, yet if they found that all the available transportation which could move all-water from Philadelphia had been taken up, they must reserve the right to protect their customers by other means.

On April 20th, McCahan notified the Institute of the transportation situation and stated:

> "We have therefore decided that (in accordance with my
> 2262 statements at recent meetings of the Institute) we shall, next week, ship over the Rail and Lake route the sugars necessary to cover an "at customer's request" order for a full cargo quantity of sugar at an all-water rate to Chicago. These sugars will be invoiced at the 34½¢ all-water freight rate to Chicago which was quoted at the meeting at the Institute on April 16th as applicable to contracts entered before the recent announcements of a 25¢ per ton loading charge."

I think this shipment is the one referred to in your letter of May 4th to which this is a reply.

It is needless to add that the situation which caused this condition has now been *remedied*. Shortly after that date, the American, following the custom long practiced by the beet companies and some of the western cane companies, announced a set of *dilevered prices and declined to sell f. o. b.* for water shipment at all. This action has been generally followed both by the New York and Philadelphia refiners, so that a *repetition of this incident is now impossible.*

There are, however, as stated above, several barge cargoes of "customer's request" shipments from New York still en route to Chicago. Some of these are known to the Institute as the refiner was cognizant of the rate secured by the customer, while others were arranged directly by brokers or customers so that the Institute is without information as to the exact rates or quantities involved.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Institute file.)

2263 *Government Exhibit 256*

THE SUGAR INSTITUTE, INC.

Owing to the failure of Spreckels and Henderson to check the Institute Freight List, no more supplements to the list will be sent out until such time as the above refiners check the list and assure us that in the future they will notify the Institute promptly of all changes they may see fit to make.

The Institute hereby disclaims all responsibility for the list as it now stands.

THE SUGAR INSTITUTE.

SEPTEMBER 10, 1929.

2264 *Government Exhibit 257*

FEDERAL SUGAR REFINING COMPANY,
82 Wall Street, New York, Apr. 25, 1929.

Members of The Sugar Institute.

GENTLEMEN: *It appears obvious that in view of developments during the past few days that the spirit of at least some of the members of the Institute is such that there is little hope of carrying out its purposes*—in face of the recent creation of a committee to study situations which have caused trouble in the marketing of sugar, a much worse condition has been precipitated prior to allowing your committee a reasonable opportunity to consider the problems involved and to make recommendations for their correction.

Terms and conditions openly announced, which clearly break down the entire selling structure, are to be deplored. Unless all the members are whole-heartedly determined to cooperate with their fellow members in bettering marketing conditions and each is willing to discontinue discriminatory practices, in the interest of the industry as a whole, there can be no useful purpose served by The Sugar Institute, Inc.

I had hoped that the refiners who organized the Institute had, because of past experience, resolved to cooperate and build up a constructive method of doing business. The idea that refiners would persist in practices which are indefensible in principle and destructive of orderly marketing of sugar, must either be definitely overcome or we may as well close the doors of The Institute.

Yours truly,

RUDOLPH SPRECKELS,
President.

2265 *Government Exhibit 258*

[Postal Telegraph]

NEW ORLEANS, LA., *Feb. 10, 1928.*

W. H. EDGAR AND SON,
Detroit, Mich.:

Referring yesterday's phone conversation with Beebe, cannot ship three cars tens requested. This not in accordance with code of ethics. If interested buying on firm basis five seventy, no brokerage, we will equalize prevailing rate. Advise.

GODCHAUX SUGARS, INC.

2266 *Government Exhibit 260*

[Bulletin]

APRIL 30TH, 1929.

Effective on new business, in markets which can be served via River, Canal and/or Great Lakes (even if part of movement is by rail), we will quote only delivered prices, based on our prices of sugar at refinery, plus freight applications (per example listed hereunder).

We will bill at these delivered prices, allowing customers to ship all-rail and, when remitting, actual freight paid may be deducted only when accompanied by carrier's paid Expense Bill.

These delivered prices will also apply on deliveries ex consignments, where we carry such stock.

We will not accept any orders for delivery f. o. b. our refinery or New York intended for shipment to the above markets; neither will we accept orders intended for reshipment from any point to markets mentioned above.

	Freight applications	
	Bags	Barrels Containers
Syracuse, N. Y.	27.8	29.4
Rochester, N. Y.	29.4	31
Buffalo, N. Y.	33	34.9
Cleveland, Ohio	37.1	39.2
Detroit, Mich.	40.2	42.5
Green Bay, Wis.	56.2	59.4
Cincinnati, Ohio	45.3	47.9
Milwaukee, Wis.	51	53.9
Chicago, Ill.	51	53.9
Utica, N. Y.	25.8	27.2
Albany, N. Y.	18.6	19.6
Rome, N. Y.	26.3	27.8
Lockport, N. Y.	33	34.9
Schenectady, N. Y.	22	23.4
Duluth, Minn.	51	53.9
Toledo, Ohio	42.3	44.7

Other quotations on application.

FEDERAL SUGAR REFINING COMPANY.

2267 *Government Exhibit 261*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York City, May 2, 1929.

Announcement

Effective at once in the States of Illinois, Wisconsin, Minnesota, and in the Upper Peninsula of Michigan, we will apply on direct shipments and on deliveries from consignment, at points where we carry stocks, Philadelphia Rail and Lake rates where these are lower than present All-Rail selling rates except that in accordance with our announcement of April 23 the Philadelphia Rail and Lake rate to Twin Cities will be considered the Rail and Lake rate applicable at La Crosse and Sparta, Wisconsin, and at Red Wing, Winona, and Rochester, Minnesota.

THE NATIONAL SUGAR REFINING CO. OF N. J.

2268 *Government Exhibit 262*

Exhibit 262 (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram, dated May 3, 1929, from Pennsylvania to Edgar, identical with Exhibit 261.

2269 *Government Exhibit 263*

[Postal Telegraph]

NEW YORK, N. Y., *Dec. 14, 1929—1 p. m.*

W. H. EDGAR & SON,
Detroit, Mich.:

Effective at the opening of business Saturday, December 14th, we will apply delivered prices on all sugars sold for delivery in the States of Alabama, Kentucky, and Tennessee, and in the State of Indiana, except to points in Indiana located in the Chicago switch-
ing district, where no change will be made in our present
2270 selling basis Stop. The Philadelphia all-rail rate, the New Orleans all-rail rate, or the Savannah all-rail rate, whichever is lower, plus tare, will be used in constructing our freight selling basis to make our delivered prices regardless of routing Stop. These rates will be applicable on direct shipments in carloads from our refineries and on all deliveries from consigned stocks in these States Stop. Actual rates will be furnished on application
2271 Stop. Outstanding trade consignments on the four-payment plan will be protected at rates in effect prior to this announcement, provided unbilled balances are called immediately.

THE AMERICAN SUGAR REFINING CO.

2:25 p. m.

2272 *Government Exhibit 264*

THE NEW YORK CENTRAL RAILROAD COMPANY

(Line: Buffalo, N. Y., Clearfield, Pa., and West, and Ohio Central Lines)

LOCAL FREIGHT TARIFF

Rules governing joint transit privileges on sugar at Cleveland, Ohio, Detroit, Mich., Erie, Pa., R 1 Findlay, Ohio, Fort Wayne, Ind., Sandusky and Toledo, Ohio

Issued November 2, 1927. Effective December 6, 1927 (except as noted in individual items).

2273 DEFINITION

Transit privileges on sugar is the stopping off, unloading into public storage or warehouse for storage or reconsigning, and the forwarding thereof only when in straight or mixed carloads to points beyond the point of stop-off, subject to the following rules:

RECORDS

Rule 3.—Shippers', transit house owners', or operators' records must show all sugar handled, point of origin and destination, and whether received or forwarded by rail, boat, or otherwise, which records must clearly show the kinds of sugar in pounds, separately:

(a) Received by rail (transit).
(b) Received by boat.
(c) Transferred from one transit house to another (specify transit house). (See Rule 16.)
(d) Forwarded by rail (local or nontransit).
(e) Forwarded by boat (local or nontransit).
(f) Disposed of locally.
(g) Forwarded by rail (transit).
(h) Forwarded by boat (transit).
(i) On hand.

MIXTURE RECORDS

When mixed shipments of different kinds of sugar are forwarded as an equivalent against inbound sugar, records must be kept showing lot numbers and pounds, so as to admit of proper check by the Central Inspection and Weighing Bureau.

2274–2276 CANCELLATION OF TONNAGE

Rule 7.—To the end that there shall not be in the possession of the transit house uncancelled in-bound freight bills, nor in-bound tonnage

credits, that do not represent sugar actually on hand, shippers, transit house owners, or operators must surrender for cancellation to the Central Inspection and Weighing Bureau:

(a) With the submission of out-bound shipping directions, sufficient representative freight bills of in-bound carriers to cover sugar forwarded by rail or boat (nontransit).

(b) Daily, sufficient representative freight bills of in-bound carriers, or local tonnage credits, to cover sugar disposed of locally or forwarded by rail or boat (non-transit).

EXCESS IN-BOUND WEIGHT

Rule 8.—Subject to Rule 10, any excess weight shown on the in-bound freight bills over the weight reshipped shall stand credited and may be applied, in accordance with these rules, against subsequent shipments.

OUT-BOUND SHIPMENTS REPRESENTATIVE OF IN-BOUND FREIGHT BILLS

Rule 9.—(a) The in-bound freight bills matched against out-bound shipments must be representative of the property; that is, only the identical commodity or its exact equivalent (see Paragraphs (b), (c), and (d) hereof) may be forwarded from the transit point under the through rate or proportional rate lawfully applicable.

SUBSTITUTION NOT PERMISSIBLE

(b) It is not excepted that the identity of each carload of sugar can or will be preserved, but it is not permissible to make any substitution that will impair the integrity of the through rate.

MIXED CARLOADS OF TRANSIT SUGAR

(c) On straight carload shipments of sugar (or a mixed shipment thereof in packages), originating in the same rate territory, the in-bound billing covering the carload shipments entering into the mixed shipment must be surrendered in the same ratio as was observed in the mixed shipment and the through rate (subject to Rule 11) applied from point of origin shown on the in-bound billing surrendered to destination.

MIXED CARLOADS OF TRANSIT AND NON-TRANSIT SUGAR

(d) When a carload shipment consists of a mixture of transit and non-transit sugar in the same car, the transit carload rate applicable on the transit portion and the local carload rate from the transit point on the non-transit portion, respectively, will apply, provided the total tonnage in the car equals or exceeds the minimum. Any deficiency in weight will be added to the non-transit portion.

2277 *Government Exhibit 270*

THE SUGAR INSTITUTE, INC.
129 Front Street, New York, August 10, 1928.

General C. G. EDGAR,
W. H. Edgar & Son, Detroit, Michigan.

MY DEAR GENERAL EDGAR: Referring to my letter of August 2nd, competitive conditions along the line of the New York State Barge Canal have reached the point where it is important to know whether or not you are going to follow the practice now universal among New York refiners viz., that no sugar shall be billed at the barge rate except sugar which has been sold to the customer f. o. b. New York, and therefore travels the entire distance at customer's risk (including the risk of the market) and expense.

In other words, the present practice of the New York refiners, who are Members of the Institute, would preclude billing at barge rate of any sugars ex consignment and of any sugars originally shipped by refiners on their own account and diverted while in transit to the order of a customer.

I hope you can let me know your decision upon this point at your earliest convenience.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2278 *Government Exhibit 271*

Contract for sugar

THE NATIONAL SUGAR REFINING CO., SELLER, OF NEW JERSEY,
129 Front Street, New York, N. Y.

Terms: Cash, less 2% in 7 days from date of arrival unless otherwise indicated hereon.

------bags, or equivalent of sugar at basis price fine granulated ------cents per pound f. o. b. New York, N. Y.

Delivery under this contract to be made within----days from the date hereof unless time for delivery be extended as stated below.

Buyer consents that if any sugar shipped under this contract is diverted, reconsigned, or moved to a destination other than the one shown on the original bill of lading, or if the same or other sugar is moved under carrier's storage-in-transit privilege on tonnage credits accruing from shipments made under this contract, any carriers, including the carriers' inspection bureaus, are authorized to inform the seller as to the contents of car, routing, destination, and complete delivery record at ultimate destination on any such movement, and the seller is authorized to convey this consent to the carrier or carriers.

2279 *Government Exhibit 272*

CHICAGO, ILL., *Jan. 23, 1929.*

EDGAR SUGAR HOUSE,
Detroit, Mich.:

Generally reported here in Chicago that on last move your representative was openly offering sugar to be reconsigned from Cairo at barge application and guaranteed same terms offered on Godchaux sugars throughout Iowa. Uncertain whether this latter was by you or Godchaux. Kindly investigate and let me know at New York.

SIDNEY BALLOU.

2280 *Government Exhibit 273*

[Day letter]

JANUARY 23, 1929—1:20 P. M.

JUDGE SIDNEY BALLOU,
c/o Sugar Institute, New York City, N. Y.:

Answering wire from Chicago, we sold nothing in Chicago on last move shipment from Cairo barge rate neither were any offers of these terms submitted to us stop. Mr. Beebe in Chicago today will check matter with brokers and ascertain if any truth in the report that offers were solicited for our account.

EDGAR'S SUGAR HOUSE.

2281 *Government Exhibit 276*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 13, 1928.

W. H. EDGAR & SON,
Detroit, Michigan.

GENTLEMEN: With reference to the freight application in C. F. A. and Western Trunk Line territories, the Western Sugar Refinery of San Francisco has reported to the Sugar Institute that it has authorized its brokers to accept business in Twin Cities territory on 30-day contracts, assuring buyers that it will apply lake and rail rates on undrawn portion of these contracts after arrival at Duluth on the first lake boat.

Please note that this applies *only to Twin Cities territory* and does not affect Chicago territory. It is definitely understood by all cane refiners that *no departure from the present freight applications will be made without first notifying the Institute*, in which case the Institute will in turn notify all members, together with the Hershey Corporation and yourselves.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2282 *Government Exhibit 277*

MARCH 7, 1929.

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: In answer to your favor of March 5th.

Please understand that the 34-cent rate you refer to in the first paragraph is the open canal-lake route to Detroit, and has been used at various times by most refiners. I cannot see where any well-founded criticism can be made to our offering sugars at this rate for shipment when the canal opens. Can you?

It is the policy of W. H. Edgar & Son, sugar jobbers and distributors, to buy refined sugars at the best possible price they can, either from refiners or from second hands, to transport the sugars at the lowest possible price over any available route, and to sell the same when they arrive at destination at the best price and freight rate they can. This means the available freight application and the available selling price in each market to which the sugars are offered irrespective of the fact that they have paid less freight to get them to destination or have bought the sugars at less than refiners list.

Edgar Sugar House, sugar brokers, solicit business to be placed with Eastern refiners for all water shipment at customers' request, with the understanding that such purchases made by the customer are f. o. b. New York, all risk, including decline in the market during transit period or afterward, being solely for the customers' account, and that there is no modification of the contract made.

I am rather struck with your continued use of the words "open prices and terms offered by refiners", because it draws the inference that there are other terms beside the terms with which we are familiar; and, of course, you realize that if we find competitive prices and terms that are under cover, as it were, you can hardly expect us, in the circumstances, not to meet them if we can afford to do so.

It is my understanding that when sugars are bought f. o. b. the
2283 Institute has no interest or bearing in the method or the rate at which the sugars move. We are glad, however, as a matter of courtesy, to furnish you with statistics in regard to the water-borne business. It is the policy of W. H. Edgar & Son to merge or include in cargoes part sugars for the customers of Edgar Sugar House, brokers, and part sugars purchased by W. H. Edgar & Son through other brokers, particularly Daub & Carr, of New York; Minford Lueder, of New York; and Harter & Dearie, of Detroit.

Upon your last point please understand W. H. Edgar & Son have largely bought sugars during the past year from others than refiners, i.e. second-hand sugars. They have purchased these sugars at less than list and they have made no distinction, and can make none, as regards to who originally sold the sugar or who was paid brokerage on them.

The majority of the sugars W. H. Edgar & Son have purchased at second hands during the past year curiously have been from customers of Edgar Sugar House but sugars which Edgar Sugar House did not originally sell. We have on hand under contract at the present time a large block of sugars falling under this category. For the convenience of Edgar Sugar House customers, W. H. Edgar & Son has at times exchanged sugars at one point for those at another. Transfers of this sort are made entirely for the convenience of customers and do not in any way involve the brokerage question.

Edgar Sugar House during the past year have secured from certain customers orders for fairly sized blocks of sugar, purchases that have proved to be no wise. They have recommended that the buyer resell the sugars at second hands and repurchase the quantity needed when the market worked off. Edgar Sugar House, happily, have been fortunate in these cases in saving their customers from carrying sugars down on the past year's continually declining market.

I am glad to give you this information and trust it will serve your purpose.

Believe me,
Sincerely,

2284 *Government exhibit 278*

ARBUCKLE BROTHERS,
SUGAR SALES DEPARTMENT,
New York, April 24, 1929.

[Bulletin]

The private application in a number of markets of unpublished freight rates, by water carriers not amenable to the Interstate Commerce Commission, has resulted in discriminatory practices that have placed some of our customers at a serious disadvantage. Seeking a way to overcome that disadvantage, we have decided to offer our sugar in those markets at a price inclusive of transportation charges, and this whether shipment be routed via a water carrier or not.

The inclusive price at any given point will be the New York F. O. B. price plus a rate of transportation to be openly quoted by us from time to time, and which, according to the best information available to us at the time, is then the lowest competitive rate.

At destination the Buyer wil pay to the Carrier its billed rate and may deduct from our invoice the excess of that rate over our quoted rate, the deduction to be allowed by us only if remittance be accompanied by the arrival notice showing that shipment actually arrived at original destination.

Whether or not our plan shall fully achieve its purpose and be extended to other markets will depend in large part upon how favorably the trade receives it. Until its success has been demonstrated the plan will be an experiment, and our quoted rates as well as the list of markets to which the rates are applicable, will be subject to change without advance notice, dependent upon fluctuations in the private rates alluded to.

The plan will be applied only to contracts that specifically make it a part of the contract at time of confirmation, and will be limited to shipments made to original Buyer.

The rates and markets now quoted, effective immediately, are shown in the accompanying schedule.

ARBUCKLE BROTHERS,
Sugar Sales Department.

2285 *Government Exhibit 279*

PENNSYLVANIA SUGAR COMPANY,
SALES DEPARTMENT,
Philadelphia, Pa., February 4, 1930.

Proposed notice to the Trade:

The Sugar Institute has adopted a resolution recommending that its members shall, in case any shipment made by them is *diverted* or reconsigned to a point other than the one to which the buyer instructs them to ship, require the buyer to pay freight in accordance with their ruling freight basis to such ultimate point of destination. This applies whether the shipment is made under a contract or spot sale, and whether made from refinery or consigngment point.

Where, in carrying out our practice of tracing all of our shipments to destination, we find that any such diversion or reconsignment has been made, we shall, pursuant to the Sugar Institute's recommendation, bill the buyer for freight in accordance with our ruling freight basis to ultimate destination and insist on payment of same.

PENNSYLVANIA SUGAR COMPANY.

2286 *Government Exhibits 280 to 282, inclusive*

Exhibits 280 to 282, inclusive (filed with the Clerk of the Supreme Court in lieu of printing) are announcements to the trade, dated February 5 and 6, 1930, by Spreckels, American, and National, identical with Exhibit 279.

2287 *Government Exhibit 283*

THE AMERICAN SUGAR REFINING COMPANY,
120 Wall Street, New York, February 21, 1931.

(File 2172.)

Mr. C. D. WETHERALL, *Traffic Manager,*
W. H. Edgar & Son, Detroit, Michigan.

DEAR SIR: Under date of January 21st I wrote you as follows:

"I have your letter of January 19th in reference to interchange of telegrams with Mr. Murphy regarding Lee & Cady transit billing for 1,000-bag equivalents.

We are perfectly willing to do this provided the transit billing that is supplied is applicable on the sugar in question, and that none of the sugar was water borne.

Under the Institute rules we must trace the cars to ultimate destination and be reimbursed for the difference in the selling basis, all of which I believe you fully understand. When the shipment moves you will supply us with the destination, and the day car arrives at that destination. Lee & Cady are to reimburse us for any difference in the selling basis at the ultimate destination as compared with the selling basis at Detroit."

Kindly advise what took place in connection with this matter.

Very truly yours,

P. M. RIPLEY,
Traffic Manager.

2288 *Government Exhibit 284*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 31, 1928.

Mr. BEEBE,

% C. G. Edgar & Son, Detroit, Michigan.

MY DEAR MR. BEEBE: Upon the occasion of Colonel Edgar's visit to this office just prior to leaving for Europe, we discussed at length the matter of *barge* movements of sugar to Rochester, Buffalo and points beyond. He advised the writer on this occasion that any of his sugars included in barge movements that might be diverted in transit and delivered at these points would be sold at the rail rate application and that the barge rate would only apply on sugars that had been shipped for account of the purchaser.

We are writing to confirm this understanding with you in order to be in position to intelligently meet any question that may arise during the absence of Colonel Edgar.

We will appreciate your prompt reply.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Ass't. Executive Secretary.

2289 *Government Exhibit 285*

SEPTEMBER 5, 1928.

Mr. F. G. TAYLOR,
The Sugar Institute, Inc.,
129 Front Street, New York City, N. Y.

DEAR MR. TAYLOR: Referring to your letter of August 31st, it is our understanding that in selling at the barge rates, sugars are to be moved that way and are to be definitely ordered before the barge leaves the refinery.

When any sugar is diverted in transit it must be sold at the prevailing lake and rail rate in effect. We understand this thoroughly, and these sugars which we sell are being handled in this manner.

Yours very truly,

EDGAR'S SUGAR HOUSE.

2290 *Government Exhibit 286*

[Postal Telegraph]

NEW ORLEANS, LA., *May 29, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

Sorry cannot accept Cairo destination Atlantic Pacific shipments, as doing so would be *distinctly contrary Institute rules* reference controlling diversions to defeat established basis rates, *also equivalent accepting orders for refinery* basis, thereby permitting buyer defeat prepaid date structure various points stop. Please advise final destination so can take out bill lading accordingly which necessary do we can fulfill our responsibility to trace shipments to destination.

GODCHAUX SUGARS, INC.

1:35 a. m.

2291 *Government Exhibit 287*

[Postal Telegraph]

NEW ORLEANS, LA., *May 31, 1929.*

Messrs. W. H. EDGAR AND SON,
Detroit, Mich.:

Answering reference A and P barge shipments Cairo Stop. If issue bill lading A and P Cairo would have no right insist barge line giving us report final destination beyond Cairo, therefore if A and P any other customer desires could order sugar while en route or arrival Cairo to be forwarded Chicago or Milwaukee, both which have established forty-nine half rates regardless how shipped, thereby *defeat maintenance this basis* rate through having
2292 their sugars delivered these points on barge rate forty-four cents Stop. *Rule is any sugars shipped Chicago switching*

area or Milwaukee, even though by barge, will be billed basis forty-nine half cents rate Stop. Please advise further giving us shipped instructions A and P contract.

GODCHAUX SUGARS, INC.,
J. MOOG.

4:55 p.

2293 *Government Exhibit 288*

[Postal Telegraph]

NEW YORK, N. Y., *January 21, 1930—4:30 p. m.*

W. H. EDGAR & SON,
Detroit, Mich.:

Circular letter mailed today proposing uniform announcement regarding unauthorized diversions; carriers release date February twenty-fifth and should have been January twenty-fifth stop. Please correct upon receipt.

THE SUGAR INSTITUTE.

2294 *Government Exhibit 289*

[Postal Telegraph]

NEW YORK, N. Y., *Jan. 23, 1930—1:15 p.*

W. H. EDGAR AND SON,
Detroit, Mich.:

Enforcement committee recommends *withholding trade announcement* concerning unauthorized diversions *until language is reconciled with provisions of refiners individual contracts* stop. Will communicate further recommendation in a few days.

SUGAR INSTITUTE.

2295 *Government Exhibit 290*

[Postal Telegraph]

N. Y. C., N. Y., *Apr. 22, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.:

Domestic sugar bureau advises C and H brokers have announced effective opening business today to meet competition they will apply prepaid basing rate forty cents on new business on direct shipments or deliveries from consignment to Milwaukee, Chicago switching district, Chicago Heights, and Gary, Indiana.

THE SUGAR INSTITUTE.

12:20 p. m.

2296 *Government Exhibit 290–A*

[Postal Telegraph]

NEW YORK, N. Y., *Apr. 22, 1929.*

W. H. EDGAR AND SONS,
Detroit, Mich.:

Domestic sugar bureau advise Great Western have announced effective opening business Monday, April twenty-second, they will apply prepaid basing rate forty cents on new business and unexpired contracts on direct shipments or deliveries from consignment to Milwaukee, Chicago switching district, Chicago Heights, and Gary, Indiana.

THE SUGAR INSTITUTE.

11:52 a. m.

2297 *Government Exhibit 290–B*

[Postal Telegraph]

N. Y., *Apr. 22, 1929—4:51 p.*

W. H. EDGAR AND SON,
Detroit:

Western announces to meet competition announced opening business this morning, application prepaid basing rate forty cents, Milwaukee, Chicago switching district, Chicago Heights, and Gary.

THE SUGAR INSTITUTE.

2298 *Government Exhibit 290–C*

[Postal Telegraph]

N. Y. C., N. Y., *Apr. 23, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

Pennsylvania announces effective Monday, April twenty-second, will apply Philadelphia lake and rail rates in Duluth and Twin Cities on new business from consigned stocks.

THE SUGAR INSTITUTE.

4:45 p. m.

2299 *Government Exhibit 290–D*

[Postal Telegraph]

N. Y. C., N. Y., *Apr. 23, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.:

Pennsylvania announces effective immediately ruling prepaid freight rate to Chicago switching district, Chicago Heights, Gary,

and Milwaukee will be forty cents per hundred pounds on bags and forty-two point three cents per hundred pounds on barrels and containers, new business only; direct shipments taking this rate must be covered by carriers paid expense bill showing delivery at these points stop. American announces, effective immediately on all new business, ruling freight basis including tare on sugar for delivery at Milwaukee, Chicago, and points in Chicago switching district,
2300 Chicago Heights, and Gary will be forty cents on bags and forty-two point three cents in barrels and cases, such basis will apply on deliveries from consigned stock, deliveries from transit stocks, and direct deliveries from refiners; under no circumstances will such rates apply on sugar billed to such points which is reconsigned, diverted, or reshipped to defeat our selling basis at other points.

THE SUGAR INSTITUTE.

4:20 p. m.

2301 *Government Exhibit 290–E*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 23, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.:

Federal announces, effective immediately, on new business applying on both direct shipments and deliveries from consignments our ruling freight-prepaid application in the Chicago switching district, Chicago Heights, Gary, and Milwaukee will be forty cents on bags, and forty-two point three cents on barrels and containers Stop. On direct shipments such ruling prepaid-freight applications will be allowed only when substantiated by carriers paid expense bill showing final destination as one of the above-named points.

THE SUGAR INSTITUTE.

3:15 p. m.

2302 *Government Exhibit 290–F*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 23, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.:

Great Western Beet have announced, effective opening business Monday, twenty-second, they are applying Lake and rail prepays in Duluth, Twin City territory on new business, direct shipments, or deliveries from consignment Stop. Candh Twin Cities brokers have announced to meet competition Candh are applying Philadelphia, Lake, and rail rates in Duluth, Twin City territory effective opening Monday, twenty-second, on new business Stop. Western

has announced opening business April twenty-second application Lake and rail prepays in Twin City, Duluth territory.

THE SUGAR INSTITUTE.

10:40 a. m.

2303 *Government Exhibit 290–G*

[Postal Telegraph]

N. Y., APL. 24, 1929—1:15 p. m.

W. H. EDGAR AND SON,
Detroit:

Godchaux announces effective immediately new business only for spot stock deliveries direct shipment or diversion in transit either rail or barge applying as ruling prepaid freight rate for Chicago switching district, Chicago Heights, Gary, Milwaukee forty cents per hundred on bags, forty-two point three per hundred on barrels, containers stop. This rate applying only to points mentioned and not on any sugars reconsigned or diverted by customers to points other than above mentioned.

THE SUGAR INSTITUTE.

2304 *Government Exhibit 290–H*

[Postal Telegraph]

NEW YORK, N. Y., *Apr. 24, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

McCahan announces effective on contracts dated on and after April twenty-second until further notice on direct shipments and deliveries from consignment at Milwaukee, Wisconsin, at Chicago and Chicago Heights, Illinois, and at Hammond and Gary, Indiana, we shall apply prepaid freight rate of forty cents on bags and forty-two point
2305 three cents on other packages on direct shipments. The above prepaid freight will be applied only when supported by carriers paid expense bill showing final destination as one of the above-named points on direct shipments and deliveries from consignment at Racine, Racine Junction, and Kenosha, Wisconsin, and at West Chicago, North Chicago, Zion, Waukegan, Juliet, Argo, Blue Island, and Kankakee, Illinois, shall continue to apply Philadelphia rail and Lake freight rate to destination.

THE SUGAR INSTITUTE.

11:02 a.

2306 *Government Exhibit 290–I*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 24, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

National announces, effective April twenty-third on new business, including direct shipments delivery from consigned stock and deliveries from transit stocks, will apply Philadelphia rail and lake rates at St. Paul, Minneapolis, Duluth, and Eau Claire, at La Crosse and Sparta, Wisconsin, and Redwing, Winona, and Rochester, Minnesota, will apply as selling rate Philadelphia rail and lake rate to Twin Cities.

THE SUGAR INSTITUTE.

11:30 a. m.

2307 *Government Exhibit 290–J*

[Postal Telegraph]

N. Y., *Apl. 24, 1929—1:12 p.*

W. H. EDGAR AND SON,
Detroit:

Godchaux announces, effective immediately, applying Philadelphia lake-rail rates to Duluth, St. Paul, Minneapolis, Eau Claire, Redwing, Winona, Rochester, La Crosse, Sparta.

THE SUGAR INSTITUTE.

2308 *Government Exhibit 290–K*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 24, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.:

Colonial announces, effective April twenty-second, on new business, only ruling prepaid freight basis to Chicago, Chicago switching district, Chicago Heights, Gary, and Milwaukee, will be forty cents per hundred pounds on bags and forty-two point three cents per hundred on barrels and containers. Direct shipments taking this rate must be substantiated by carriers' paid expense bill showing final destination as one of above-named points.

THE SUGAR INSTITUTE.

12:10 p. m.

2309 *Government Exhibit 290–L*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 24, 1929.*

Mr. W. H. EDGAR AND SON,
Detroit, Mich.:

Colonial announces effective as of April twenty-second on new business only will apply Philadelphia rail and lake rates to St. Paul, Minneapolis, Red Wing, Winona, Rochester, La Crosse, Sparta, and Eau Claire.

THE SUGAR INSTITUTE.

12:10 p. m.

2310 *Government Exhibit 290–M*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 24, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

Nation announces effective April twenty-third on all new business, including direct shipments from refinery, delivery from consigned stock, and deliveries from transit stocks, invoicing rate on sugar delivered in Milwaukee and Chicago points in Chicago switching district, Chicago Heights, and Gary, Indiana, will be forty cents on bags and forty-two point three cents on barrels, containers, and cases, respectively, per hundred pounds. These selling rates will apply only where sugar is delivered in area specified and not on sugar reconsigned to points beyond.

THE SUGAR INSTITUTE.

11:50 a. m.

2311 *Government Exhibit 290–N*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 25, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

Arbuckle announces quote have instructed brokers to use following delivered rates on new orders from consignment, Buffalo, nineteen point six on bags, twenty point seven barrels, cases, and containers; Cleveland, twenty-six point eight and twenty-eight point three; Chicago, forty and forty-two point three.

THE SUGAR INSTITUTE.

11:20 a. m.

2312 *Government Exhibit 290–O*

[Postal Telegraph]

N. Y. C., N. Y., *Apl. 25, 1929.*

W. H. EDGAR AND SON,
Detroit, Mich.:

Pennsylvania announces on direct shipments and deliveries from consignment will make price including transportation in following markets at rates named: Syracuse, twenty-three cents; Rochester and Buffalo, nineteen; Cleveland, twenty-six; Detroit, twenty-seven, Green Bay, thirty-seven; Cincinnati, thirty-six; these rates will be applied on contracts where this arrangement is made a part of contract and will be limited to original buyer on direct shipments, buyer will pay carrier billed rate and deduct difference from invoice, forwarding paid freight bill to us to substantiate deduction.

THE SUGAR INSTITUTE.

2:45 p. m.

2313 *Government Exhibit 291*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 5, 1929.

Gen. C. G. EDGAR,
W. H. Edgar & Son, Detroit Michigan.

MY DEAR GENERAL: Your activities in securing all-water tonnage for sugars out of New York have led to the circulation of a great many reports as to the terms on which you are offering sugar. Reports to the effect that "Edgar is offering sugar in Detroit at a 34¢ freight application" *have caused uneasiness.* When brought to me I have dismissed them on the ground that they did not definitely distinguish between the activities of your jobbing firm and your brokerage house; and have assured all complainants that all of the Edgar interests were acting in conformity with the Institute's Code of Ethics and interpretations thereunder.

The matter has assumed such proportions, however, that I should like to restate the propositions involved so that I may be assured that there is no misunderstanding.

It is my understanding that when W. H. Edgar & Son, sugar jobbers and distributors, buy sugar of Eastern refiners, and transport it to market by any differential route, including all-water movement, it is their policy to sell the same at destination upon the prevailing freight application openly used as a selling basis in each market, irrespective of the fact that they themselves may have paid *less* freight to get it to its destination.

It is my further understanding that when Edgar Sugar House, sugar brokers, solicits business to be placed with Eastern refiners for all-water shipments at customer's request, it is with the understanding that such purchases are made by the customer f. o. b. New York, all risk, including risk of decline in the market during transit period, being solely for customer's account. In other words, I understand that none of the Edgar interests modify to the customer's advantage the open prices and terms offered by refiners on such shipments, including the terms of payment and lack of guarantee.

It is upon this understanding that I have told inquirers that the Institute is not concerned with the rate of freight which Edgar Sugar House is able to secure customers thus placing their business.

2314 The extent of such "customer's request" business in proportion to the volume of sugar moving to any cane market is, however, of vital importance as determining the policies of those refiners who are not able to offer such cheap routings to their customers, and I therefore understand that you will continue to supply to the Institute prompt statistical information as to the volume and ultimate market destination of this class of shipments.

One point upon which I am not quite clear is whether it is the policy of W. H. Edgar & Son to include their own sugar as part of a pool cargo otherwise made up for customers or whether it is their policy to follow in this respect the recommendation of the Institute that refiners do not make up a *pool cargo* for buyers by the inclusion of their own sugar.

Upon one last point I should be glad to have your assurance, for purposes of record, although it is one upon which I personally entertain no doubt, and that is an assurance that no sugar bought for a customer upon which Edgar Sugar House has collected or is entitled to brokerage is ever taken over by W. H. Edgar & Son or any other Edgar interest and disposed of as its own sugar.

I should be greatly obliged if you would confirm or modify, if necessary, my understanding on the above points. You will realize, of course, that the success of the Institute depends upon keeping various competing interests satisfied that no other interest is obtaining an unfair discriminatory advantage, and with all the rumors and gossip with which the sugar industry is afflicted it makes my work appreciably lighter to have positive assurances on file to which I can refer.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2315 *Government Exhibit 292*

GODCHAUX SUGARS, INC.,
1012 Masonic Temple Bldg., P. O. Box 226,
New Orleans, March 2, 1928.

Mr. A. W. BEEBE,
W. H. Edgar & Sons, Detroit, Michigan.

DEAR MR. BEEBE: We have a request from the Sugar Institute, Inc., which request has been made of each member of the Institute, that we furnish promptly a report for the calendar year 1927 as to our actual *deliveries* of sugar in equivalent 100-lb. bags in each state for the year. We, of course, can furnish this on all shipments other than those going to yourself.

I am, therefore, writing to ask whether you would be agreeable to and if you would give us for the year 1927, by months, if possible, or if not, then as a total for the year, the final destination on the sugars which we have invoiced to you? If you could give us this by months, then it would be the final destination for each month's invoicing.

Undoubtedly, the Institute will also be asking for this same information by months for the year 1928, and we are preparing our statistics here to furnish same to them promptly through the year, but can only furnish same if we can obtain from you each month the final destination on sugar which we have invoiced to you for that month.

Judge Ballou advises that the same inquiries are being sent by the Domestic Sugar Bureau to all of the Beet Sugar Companies. Therefore, you are undoubtedly in receipt of a similar communication for your beet interests. Judge Ballou also advises that the total cane for each state reported by the individual refiner will be kept confidential, and only the compiled figures will be disseminated to the member, likewise for the beets, the final result being that we will know the amount of sugar of both beet and cane distribution by states for the year 1927, and I hope for each month in 1927, as I recommended to Judge Ballou that he amend his request to obtain this information by months for the year 1927, so as to have same most readily comparative with the compilation of statistics for the current year.

We will be more than pleased to make available for your information any data which we received from the Institute on these statistics, and I would therefore appreciate very much your cooperation in our furnishing same accurately insofar as the distribution of our sugar is concerned. If it is not asking too much, I would appreciate your wiring me on receipt of this letter indicating what figures you can or will furnish, and approximately, when I can anticipate being in receipt of same.

2316 Thanking you in advance, an expressing my very best regards, as well as expressing our appreciation of the new busi-

ness which you gave us on the last turn, and trusting that it will materially increase as we go on later in the year, I remain,

Very truly yours,

J. Mooc,
Senior Vice President.

2317 *Government Exhibit 293*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York City, July 23, 1930.

W. H. EDGAR & SON,
1924 Lafayette Blvd. West, Detroit, Mich.

GENTLEMEN: We wish to advise for your information that in accordance with resolution approved by The Sugar Institute on July 9, the *absorption of switching charges* on deliveries from consigned stocks in Detroit *will be discontinued* by us, effective August 30, 1930.

We will appreciate it if you will take such action as is necessary prior to that date to reduce stocks which may be particularly affected by our discontinuing the absorption of switching.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
V. K. RAYMOND,
Traffic Manager.

VKR:AG.

2318 SEPTEMBER 22, 1930.

THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.

GENTLEMEN: This is to advise you that in accordance with *resolution* of the executive committee meeting of the *Sugar Institute*, held July 9th, we are notifying our broker at Detroit, Michigan, that on and after August 30th we are not absorbing *switching charges* on deliveries from consigned stock to buyers' sidings.

Yours very truly,

GODCHAUX SUGARS, INC.,
CHARLES GODCHAUX,
President.

D. C., W. H. EDGAR & SON,
Detroit, Michigan.

Please note attached notice, which we have this day given to the Sugar Institute in reference to switching charges to buyers' sidings in Detroit. Please be governed accordingly.

CHARLES GODCHAUX.

2319 *Government Exhibit 294*

REVERE SUGAR REFINERY,
333 Medford Street, Charlestown, Mass., May 13, 1930.

W. H. EDGAR & SON,
1924 Lafayette Blvd., Detroit, Michigan.

GENTLEMEN: We regret with reference to your letter of May 2d to say that the *rules of the Sugar Institute forbid refiners to pack sugar under private brands* and we are therefore unable to take any action in the "Defiance Label" featured by the Jobbers Service, Inc.

Yours very truly,

C. H. MOORE.

2320 *Government Exhibit 296*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York City, April 30, 1930.

W. H. EDGAR & SON,
1924 Lafayette Boulevard, Detroit, Mich.

GENTLEMEN: We have your letter of the 28th with reference to invoice of April 1 against the Saunders Michigan Stores amounting to $390.66.

It would be contrary to the rules of The Sugar Institute to cancel this delivery and re-bill it to Whitfield, Walters & Dawson, as you know, we are not permitted to do this.

With reference to cancelation of balance of contract, this will be referred to our Mr. Bruyn, who will write you under separate cover.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.
C. H. OLDERSHAW.

2321 *Government Exhibit 298*

OLIVER-TAYLOR CO.,
Dallas, Texas, January 23, 1931.

A. B. C. STORAGE COMPANY,
Sherman, Texas

DEAR MR. HOPSON: Since talking with you last over the phone, we have had further correspondence with the Refinery relative to reinstating the A. B. C. Storage Company. They advise us that they made a *strenuous fight to prevent the warehouse from being knocked out* and they are still interested in seeing it reinstated. They are going to do what they can in this connection at the next Institute meeting. Please keep this confidential.

Yours truly,

OLIVER TAYLOR COMPANY.

2322 *Government Exhibit 299*

OLIVER-TAYLOR CO.,
Dallas, Texas, January 23, 1931.

WILLIAMS EUBANK COMPANY,
Sherman, Texas.

GENTLEMEN: For some time we have been trying to get the A. B. C. Storage Company reinstated. At the next meeting of the Sugar Institute, our people are going to use their influence to get this warehouse reinstated and if we are successful in doing so. will let you know.

Yours truly,

OLIVER-TAYLOR COMPANY.

2323 *Government Exhibit 301*

OLIVER-TAYLOR CO.,
Dallas, Texas, Jan. 29, 1931.

A. B. C. CANDY COMPANY,
Sherman, Texas.

DEAR MR. HOPSON: We appreciate your order for 5 barrels of Powdered Sugar, which you are hauling from Dallas. We haven't shipped a car of sugar to Sherman since we last talked with you about powdered. We have a good stock of sugars at Andrews which we hope to clean up in the near future.

If we are able to get A. B. C. Storage reinstated, which we hope to do, we will ship them a car and include as many barrels as you suggest. Please let us have your ideas as to the quantity.

Yours truly,

OLIVER-TAYLOR COMPANY.

2324 *Government Exhibit 302*

OLIVER-TAYLOR CO.,
Dallas, Texas, Feb. 10, 1931.

A. B. C. STORAGE COMPANY,
Sherman, Texas.

DEAR MR. HOPSON: We are sorry to advise that C and H's efforts to have your storage reinstated were blocked. We have not as yet learned any of the details. We are not going to stop trying to get your warehouse reinstated as we sincerely believe it is the only place in Sherman suitable for a sugar storage.

Yours truly,

OLIVER TAYLOR COMPANY.

2325 *Government Exhibit 303–A*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, March 3, 1930.

THE SUGAR INSTITUTE, INCORPORATED,
129 Front Street, New York City.

DEAR SIRS: We are advised that the A. B. C. Candy Company, Sherman, Texas, is storing sugar for two of our competitors. This concern is a purchaser of sugar, and we believe that the situation warrants an investigation.

Your attention will be very much appreciated.

Yours very truly,

R. S. STUBBS,
Vice President.

2326 *Government Exhibit 303–B*

MARCH 5, 1930.

Our File W–191.

Mr. R. S. STUBBS,
The American Sugar Refining Company,
117 Wall Street, New York, N. Y.

MY DEAR MR. STUBBS: We have received your letter of March 3rd calling our attention to the fact that two of our members are storing with the A. B. C. Candy Company, Sherman, Texas.

We have written to these members asking that they investigate the warehouse and advise us of their findings. As soon as we have heard from them, we will notify you of their replies.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Office Manager.

2327 *Government Exhibit 303–D*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 5, 1930.

Our File W–191.

Mr. H. G. THOMPSON,
Imperial Sugar Company, Sugar Land, Texas.

MY DEAR MR. THOMPSON: We have just received information that the A. B. C. Storage Company, Sherman, Texas, with whom our records show you to be carrying consigned stocks, is really the A. B. C. Candy Company and are purchasers of sugar.

Will you please investigate this condition and advise us of your findings?

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER,
Office Manager.

(Handwritten notation:) Thompson says this is correct. Will withdraw. E. T. F. 3/11/30.

2328 *Government Exhibit 303–E*

MARCH 5, 1930.

Our File W–191.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORP'N,
215 Market Street, San Francisco, Calif.

GENTLEMEN: We have just received information that the A. B. C. Storage Company, Sherman, Texas, with whom our records show you to be carrying consigned stocks, is really the A. B. C. Candy Company and are purchasers of sugar.

Will you please investigate this condition and advise us of your findings?

Very truly yours,

THE SUGAR INSTITUTE, INC.,

Office Manager.

2329 *Government Exhibit 303–F*

MARCH 17, 1930.

Our File No. W–191.

Mr. R. STUBBS,
The American Sugar Refining Company,
117 Wall Street, New York, N. Y.

MY DEAR MR. STUBBS: Referring to your letter of March 3rd in regard to the alleged affiliation of the A. B. C. Storage Company, Sherman, Texas, we have received a reply from Imperial stating that they have investigated this matter and found that such an affiliation exists for which reason they will discontinue storing there.

We have not as yet had any reply on this matter from C. & H., but as soon as we do we will communicate with you.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRANCIS R. VAN BUREN.

2330 *Government Exhibit 303–G*

MARCH 19, 1930.

Our File No. W–191.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORPORATION,
215 Market Street, San Francisco, Calif.

GENTLEMEN: On March 5th we wrote you in regard to an inquiry as to the status of the A. B. C. Storage Company, Sherman, Texas.

We have already received a reply to our inquiry from Imperial, who also stored in this warehouse stating that they had found an affiliation to exist with the A. B. C. Candy Company and will discontinue storage.

We would appreciate hearing from you on this matter at your earliest convenience.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRANCIS R. VAN BUREN.

2331 *Government Exhibit 303–H*

MARCH 21, 1930.

Our File No. W–191.

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau, 120 South La Salle Street,
Chicago, Illinois.

MY DEAR MR. DOUGLAS: In the Domestic Bureau's Warehouse List of February 1st we note the A. B. C. Warehouse, Sherman, Texas. We have been informed that this is in reality the A. B. C. Candy Company, sugar buyers, and one of our members has investigated, found such affiliation to exist, and discontinued storage.

We have already communicated this matter to the C. & H., but as yet have had no reply.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRANCIS R. VAN BUREN,

2332 *Government Exhibit 303–I*

CALIFORNIA AND HAWAIIAN SUGAR
REFINING CORPORATION, LIMITED,
San Francisco; March 27, 1930.

SUGAR INSTITUTE, INCORPORATED,
129 Front Street, New York City, New York.

GENTLEMEN: We acknowledge receipt of your letters of March 5th and 19th, File W–191, regarding the A. B. C. Storage Company, Sherman, Texas.

Our investigation discloses that the A. B. C. Storage Company is in the same building as the A. B. C. Candy Company. We have

been advised, although we are not in a position to corroborate, that this storage facility is the only available one in Sherman, Texas.

Our further information is that this warehouse is not only used by your members but by several members of the Domestic Sugar Bureau. Because of that fact, we are sending a copy of this letter to the Bureau for their information.

Very truly yours,

CALIFORNIA AND HAWAIIAN SUGAR
REFINING CORPORATION, LTD.,
L. CAMPIGLIA.

2333 *Government Exhibit 303–J*

APRIL 1, 1930.

Our File No. W–191.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION,
215 Market Street, San Francisco, Calif.

GENTLEMEN: We have received your letter of March 27th advising that the A. B. C. Storage Company is in the same building as the A. B. C. Candy Company. Our records showed that Imperial and yourselves were our only members using this warehouse.

On receipt of our letter Imperial advised us that the charge that the warehouse and candy company were closely related was true and they would withdraw.

This matter has been referred to Mr. Douglas under date of March 21st. So far we have had no reply from him, and are today addressing another letter on this subject.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Office Manager.

2334 *Government Exhibit 303–K*

APRIL 1, 1930.

Our File No. W–191.

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau, 120 South La Salle Street,
Chicago, Illinois.

MY DEAR MR. DOUGLAS: Under date of March 21st we wrote you that we had been informed that the A. B. C. Storage Company, Sherman, Texas, and the A. B. C. Candy Company were one and the same. We also stated that we had referred the matter to the C. & H. but had not yet received a reply from them.

We have now received their reply stating that they have sent a copy of their letter to you. We are very anxious to know what action, if any, your members are taking in regard to this warehouse.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Office Manager.

2335 *Government Exhibit 303–L*

DOMESTIC SUGAR BUREAU,
120 South La Salle Street, Chicago, Illinois, April 3, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City.

(Attention: Mr. Francis R. van Buren.)

GENTLEMEN: Regarding your letters of March 21st and April 1st, file W–191, subject A. B. C. Warehouse, Sherman, Texas.

We have taken this matter up with The Great Western Sugar Co., and will advise you the facts as soon as the matter has been investigated.

Yours very truly,

J. O. DOUGLAS,
Executive Secretary.

2336 *Government Exhibit 303–M*

Our File W–191.

APRIL 25, 1930.

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau, 120 South La Salle Street,
Chicago, Illinois.

MY DEAR MR. DOUGLAS: We are in receipt of your letter of April 23rd, giving information regarding the A. B. C. Storage Company, Sherman, Texas.

The *complaint* against this warehouse originally came from the *American*, and it seems to be substantiated by the information contained in your letter. When the information was sent to Imperial they admitted the affiliation and stated that they would withdraw. The C. & H., under date of March 27th, stated that their investigation disclosed that the A. B. C. Storage Company was in the same building as the A. B. C. Candy Company.

At the present time the only Institute member storing in this warehouse, with the possible exception of stocks still to be disposed of on the part of Imperial, is the C. & H. As far as our records show, Texas has never used this warehouse, and Imperial has not shipped any sugar there since March 11th.

Please let us hear further from you on this subject.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Office Manager.

2337 *Government Exhibit 303–N*

DOMESTIC SUGAR BUREAU,
120 South La Salle Street, Chicago, Illinois, April 23, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City.

(Attention Mr. Evan Fisher.)

GENTLEMEN: Replying to your letter of April 1st, file W–191, subject A. B. C. Storage Co., Sherman, Texas:

We have received the following information from one of our members concerning the status of this warehouse:

"It is our understanding that sugar has been stored in the A. B. C. Storage Co., Sherman, Tex., for years. At the present time, besides ourselves, C. & H., Imperial, Utah-Idaho, and Holly are carrying sugar there and Texas City has been storing there recently. It is true that it belongs to the A. B. C. Candy Co., but it is separate from their building and any sugars which they draw, Cane or Beet, for use in the candy factory must be drawn from the warehouse, the same as any other customer. Furthermore, the other two jobbers in Sherman, Williams Eubank and Everheart, do not object to the arrangement whereby this sugar is carried in the A. B. C. Storage. The A. B. C. people handle this sugar in a most satisfactory manner and we believe they earn the 5¢ a bag storage in the handling of the sugar. To our knowledge, there is *no other suitable warehouse in Sherman.*"

Will you kindly advise any information you receive from other sources concerning the status of the A. B. C. Storage Co., as it is apparent that this warehouse is being generally used.

Yours very truly,

J. O. DOUGLAS,
Executive Secretary.

2338 *Government Exhibit 303–O*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, July 2, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

DEAR SIRS: This is to advise that we intend to store with the A. B. C. Storage Company, Sherman, Texas.

Very truly yours,

C. H. WHITE, JR.,
General Sales Manager.

2339 *Government Exhibit 303–P*

JULY 3, 1930.

Our File No. W–191.

Mr. FRANCIS R. VAN BUREN,
414 Masonic Temple Bldg., New Orleans, La.

DEAR VAN: We are enclosing herewith file of correspondence covering the status of the A. B. C. Storage Company, Sherman, Texas. You will note that American made the original complaint and are now the ones who want to use the facilities of this warehouse. In talking with Mr. Sperry, he advised it was for the purpose of meeting competition.

Inasmuch as Imperial found the affiliation to be true, and said they would discontinue its use, it is hardly fair to have others continue to use or others go in. Will you please make an investigation and give us the necessary data to either have the warehouse approved or disqualified.

Incidentally, will you please let us know how soon you will be able to make the investigation. Unless it can be settled very quickly, American wants to ship in a car.

Very truly yours,

2340 *Government Exhibit 303–Q*

THE SUGAR INSTITUTE, INC.,
414 Masonic Temple, New Orleans, La., July 7, 1930.

Mr. EVAN T. FISHER,
The Sugar Institute, Inc., 129 Front St., New York.

DEAR EVAN: In regard to your letter referring to the A. B. C. Storage Co. in Sherman, I do not think it will be possible for me to make an investigation of this situation until the latter part of next week. I have one investigation in Arkansas on which I am starting out on tomorrow, and I will probably only get back in time to get over to Galveston for the Southern Committee Meeting next Monday, after which I can go direct to Sherman to make this investigation. I have just been speaking to Mr. Barkerding on the telephone, and he said that although they had received a request to ship a car to this warehouse for storage that there was no particular rush about it, and that the latter part of next week would be time enough. If you want I can send you a telegram just giving my conclusion on the investigation in order to expedite matters and allow American to ship that car as soon as possible if my investigation shows no evidence of affiliation. If you want a telegraphic report, please wire me to that effect.

Yours very truly,

FRANCIS R. VAN BUREN.

2341 *Government Exhibit 303–R*

[Western Union]

JULY 16, 1930.

Mr. FRANCIS R. VAN BUREN,
414 Masonic Temple Bldg., New Orleans, La.:

Status of investigation A. B. C. Warehouse, Sherman, Texas, as stated in letter particularly anxious as to probable time stop. Advise.

THE SUGAR INSTITUTE.

2343 *Government Exhibit 303–S*

[Western Union]

SHERMAN, TEX., *July 16, 1930—1:15 p. m.*

EVAN T. FISHER,
Care The Sugar Institute, Inc.:

A B C storage unquestionably technically affiliated stop. Doubt existence competitive advantage.

VAN.

2:31 p. m.

2343 *Government Exhibit 303–T*

414 MASONIC TEMPLE BLDG.,
New Orleans, La., July 17, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

Report on The A. B. C. Storage Co., Sherman, Texas

GENTLEMEN: In accordance with instructions, I made an investigation of the status of the A. B. C. Storage Co., Sherman, Texas.

The Warehouse Co. is located in a portion of the building occupied by the A. B. C. Candy Co., which latter company owns the property and building on which both are located. I interviewed Mr. T. E. Hopsen, President of the A. B. C. Candy Co., and he gave me the following information: The A. B. C. Storage Co. is operated as a partnership by Mr. Hopsen and his brother, the latter being Vice President of the A. B. C. Candy Co. There is no definite dividing line in the building as to where the premises of the A. B. C. Candy Co. and those of the A. B. C. Storage Co. terminate. The records of the A. B. C. Storage Co. are kept in the office of and by the clerks of the A. B. C. Candy Co.

Mr. Hopsen stated that the only commodity stored by the A. B. C. Storage Co. is sugar, and that the reason that the storage business is carried on at all is for the convenience of the jobbers in the locality, since there is no Public Warehouse in Sherman. *In questioning the trade I found no objections raised to the storage of sugar*

2344 *in the A. B. C. Storage Co., chiefly because the A. B. C. Candy Co. does not sell sugar at any time*, but merely uses sugar purchased in the Candy business.

In examining the records of the sugar stocks it would appear that the A. B. C. Candy Co. had the second largest withdrawals from the stock, being exceeded only by the Williams-Eubank Grocery Co. In addition to the stock of C. & H. Sugars carried in this warehouse, there were a few bags of Imperial, a considerable quantity of Holly, and small amounts of Utah-Idaho and Great Western. The storage charge is 3¢ and 2¢, and in the *method of keeping the records*, it appears to be *perfectly in accordance with the requirements of the Members of the Institute.*

Yours very truly,

FRANCIS R. VAN BUREN.

2345 *Government Exhibit 303–U*

Sent to: American, C. & H., Godchaux, Henderson, Imperial, Texas, Western, Armstrong.

JULY 24, 1930.

Ref. #191.

To all members doing business in the State of Texas:

GENTLEMEN: At its meeting of July 23rd the Executive Committee considered the case of the A. B. C. Storage Company, of Sherman, Texas, and recommended that this warehouse company be *disqualified.*

As you know, Section 6, Page 2, Paragraph 8 of Code Interpretations recommends that stocks in warehouses found to be affiliated be liquidated or removed within 30 days from date of notice of such finding.

You will find confirmation of the above in the excerpt of the Minutes of this meeting which will be sent to you.

Very truly yours,

THE SUGAR INSTITUTE, INC.

2346 *Government Exhibit 303–V*

[Postal Telegram]

SAN FRANCISCO, CALIF., *July 31.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City, N. Y.:

Your letter twenty-fourth A. B. C. Storage, Sherman, Texas. We cannot recognize your interpretation affiliation as long as this warehouse in use by domestic sugar bureau members.

CALIF. & HAW. SUGAR REFINING CORPN., LTD.

2347 *Government Exhibit 303–W*

AUGUST 1, 1930.

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau, 120 South La Salle St.,
Chicago Illinois.

Re: A. B. C. Storage Co., Sherman, Texas

We have just received the following wire from the California & Hawaiian Sugar Refining Corporation:

"Your letter Twenty-fourth A. B. C. Storage, Sherman, Texas. We cannot recognize your interpretation affiliation as long as this warehouse in use by Domestic Sugar Bureau members."

We are enclosing a copy of the letter referred to and also a copy of our investigator's report on this warehouse.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Office Manager.

2348 *Government Exhibit 303–X*

DOMESTIC SUGAR BUREAU,
120 South La Salle Street,
Chicago, Illinois, August 4, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City, New York.

GENTLEMEN: Referring to your August 1st letter, File W-191. The investigator's report of the A. B. C. Storage Company, Sherman, Texas, has been sent to Bureau members using that facility.

Promptly upon receipt of their decision in the matter, will advise you.

Yours very truly,

J. O. DOUGLAS,
Executive Secretary.

2349 *Government Exhibit 303–Y*

[Memorandum]

AUGUST 15th, 1930.

To: Evan T. Fisher.
From: Fred G. Taylor.

Mr. Ellingson, of the Domestic Bureau, was inquiring as to whether our members have withdrawn stocks from the A. B. C. Warehouse at Sherman, Texas.

Please ascertain and advise him.

2350 *Government Exhibit 303–Z*

AUGUST 18, 1930.

Our File No. W–191.

Mr. WALTER ELLINGSON,
Domestic Sugar Bureau,
120 South LaSalle Street, Chicago, Illinois.

MY DEAR MR. ELLINGSON: Mr. Taylor has just given me a memorandum to the effect that you would like to know whether or not our members have withdrawn their stocks from the A. B. C. Warehouse. We were advised by wire on July 31st that the C. & H. would not discontinue as long as your members were still using the warehouse. This information was mailed you on August 1st. On August 4th Mr. Douglas replied that he would inform us as to the decision of your members regarding this warehouse. So far we have heard nothing further.

According to our Code our members should have their stocks liquidated on or before August 23rd, and Imperial, who is the only member besides C. & H. using the warehouse, will undoubtedly do so as they have already notified us that they would discontinue it.

Apparently the next move is up to you as the C. & H. will not withdraw until the attitude of your members is known.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Office Manager.

2351 *Government Exhibit 303–A1*

[Air mail]

AUGUST 20, 1930.

Our File No. W–191.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP'N.,
215 Market Street, San Francisco, Calif.

GENTLEMEN: In accordance with the recommendation of the Executive Committee stocks in the A. B. C. Warehouse should be liquidated by August 23rd.

Will you kindly report to us as of that date the status of your stocks in this warehouse.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Office Manager.

2352 *Government Exhibit 303–B 1*

AUGUST 20, 1930.

MR. H. G. THOMPSON,
Imperial Sugar Company, Sugar Land, Texas.

MY DEAR MR. THOMPSON: In accordance with the recommendation of the Executive Committee, stocks in the A. B. C. Warehouse should be liquidated by August 23rd.

Will you kindly report to us as of that date the status of your stocks in this warehouse?

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Office Manager.

2353 *Government Exhibit 303–C1*

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION,
MATSON BUILDING, 215 MARKET STREET,
San Francisco, August 22, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: We acknowledge receipt of your file W–191, August 20, regarding the A. B. C. Warehouse.

As advised in our wire to you of July 31, we cannot recognize your interpretation as to an affiliation existing with this warehouse, so long as the warehouse is in use by members of the Domestic Sugar Bureau.

We will therefore not report stocks on hand as of August 23rd, as requested by you.

Yours very truly,

CALIFORNIA AND HAWAIIAN SUGAR,
REFINING CORPORATION, LTD.,
WM. B. TYLER.

2354 *Government Exhibit 303–D1*

THE A. B. C. CANDY COMPANY, INCORPORATED,
Sherman, Texas, Sept. 16, 1930.

UTAH-IDAHO SUGAR CO., *Salt Lake City, Utah.*
CALIFORNIA & HAWAIIAN SUGAR CO., *San Francisco.*
GREAT WESTERN SUGAR CO., *Denver, Colo.*
HOLLY SUGAR CORP., *Colorado Springs, Colo.*
SUGAR INSTITUTE, INC., *New York, N. Y.*

GENTLEMEN: We have been operating the A. B. C. Storage Co., of Sherman, Texas, for some years, as a convenience for the Wholesale Grocers of Sherman, as well as ourselves, there being *no other storage in Sherman suitable for sugar*, using part of our building, running it separate and distinct from our candy business.

We understand the Sugar Institute raises the objection to refineries storing here with The A. B. C. Storage Co., on account of it being owned by ourselves, and we being users of sugar.

We have never offered or sold a pound of sugar to anyone; simply acted as warehousemen, never soliciting business for any refinery, delivering sugars only to firms that the refiner brokers listed with us to deliver sugar on their orders.

It seems desirable to all concerned in Sherman that a storage for sugar be maintained, and if the Institute objects to you storing with The A. B. C. Storage Co., we would be willing to rent the space to responsible parties that are not stockholders in The A. B. C. Candy Co., they to incorporate their business and go on with the storage of your sugars for the convenience of the jobbers and manufacturers in Sherman, on the same basis as heretofore.

If this arrangement will be satisfactory to you and the Institute, we will be pleased to hear from you, and can arrange for it to be done.

Yours very truly,

THE A. B. C. CANDY CO.,
TOM E. HOPSON, *President.*

2355 *Government Exhibit 303–E1*

[Western Union]

September 17, 1930.

(Our File No. W–191.)
J. O. DOUGLAS,
Domestic Sugar Bureau, 120 South LaSalle Street,
Chicago, Illinois:

Have you done anything with A. B. C. Warehouse, Sherman, Texas? Stop. This is a very sore point, and we would appreciate anything you can do for its speedy settlement.

THE SUGAR INSTITUTE.

2356 *Government Exhibit 303–F1*

CALIFORNIA AND HAWAIIAN SUGAR
REFINING CORPORATION, LIMITED,
Matson Building, 215 Market Street,
San Francisco, October 9, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City, N. Y.

GENTLEMEN: For your own information, please be advised that it has been necessary for us to consign an additional car of sugar to the A. B. C. Warehouse, Sherman, Texas, in order that we might have sufficient sugars on hand to complete deliveries against contracts taken August 29th.

We are sending a copy of this letter to the Domestic Sugar Bureau, for their information.

Yours very truly,

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION, LTD.
WM. B. TYLER.

2357 *Government Exhibit 303–G1*

TEXAS SUGAR REFINING CORP'N,
TEXAS CITY, TEXAS, *October 16, 1930.*

MR. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.,
New York, N. Y.

DEAR MR. TAYLOR: Recently the Executive Committee declared the A. B. C. Storage, Sherman, Texas, as affiliated, and, therefore, an improper storage for members of the Institute.

It develops that there is no suitable storage in the city of Sherman other than this A. B. C. Storage Company and the jobbers of Sherman are perfectly satisfied with this storage and anxious to have it continued in the A. B. C. Storage Company for their own convenience, regardless of the fact that the A. B. C. Candy Company and the A. B. C. Storage may be related in some way. There is another small company available there, The Andrews Company, which American and C. & H. are using, but our brokers report this is a most unsatisfactory place in which to store sugar, not only from the physical standpoint but the handling by this owner. Our brokers also tell us the Great Western Sugar Company are advising th[illegible] they are not going to move their stock from the A. B. C. Stora[illegible] and will continue using it.

We are anxious to place a stock in Sherman, in fact, have to do so to meet conditions, but we do not want to use The Andrews Company because it is not a satisfactory or reliable place to store. Therefore, we open up the matter, with the thought in mind that we want to ship a stock to the A. B. C. Storage Company the first of next
2358 week if there are no objections. With these facts before you, may we not ask your consideration of this storage because of the fact the jobbers in Sherman are anxious to have it continued.

I will appreciate hearing from you as quickly as possible.

Yours very truly,

E. V. RHODES, *Vice President.*

2359 *Government Exhibit 303–H1*

OCTOBER 20, 1930.

[Western Union]

TEXAS SUGAR REFINING CORPORATION,
Texas City, Texas.

Re letter October sixteenth A. B. C. Warehouse please refer to Section One Page E one Paragraph two and Section Six Page two Paragraph seven Code of Ethics Stop. Writing fully.

THE SUGAR INSTITUTE,

2360 *Government Exhibit 303–I1*

OCTOBER 21, 1930.

Col. H. B. MOORE,
Texas Sugar Refining Corporation,
Texas City, Texas.

Subject: A. B. C. Storage Company, Sherman, Texas.

MY DEAR COL. MOORE: The report of our investigator on this warehouse shows beyond a question of doubt that the A. B. C. Storage Company is affiliated with the A. B. C. Candy Company. Upon receipt of this report the members storing in this warehouse discontinued storage there. For your information we are enclosing a copy of the report.

We cannot, of course, speak for the Domestic Sugar Bureau, but can assure you that this warehouse buyer affiliation is directly contrary to their Code of Ethics from which we quote as follows:

"Members should not store sugars in a building occupied by a warehouseman or a warehouse company if the building is owned in whole or in part by a sugar customer."

The provision in the Institute's Code covering warehouses from which the members have removed their stocks on account of affiliation is very clear, and we do not feel that an exception should be made in this case.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

2361 *Government Exhibit 303–J1*

TEXAS SUGAR REFINING CORP'N,
Texas City, Texas, October 27, 1930.

Mr. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.
New York.

DEAR MR. TAYLOR: Yours of October 21, File No. W–191.

You may be assured we are taking no action in connection with the A. B. C. Storage Company, Sherman, Texas, in view of your

communications. If we decide to store sugars in Sherman, we will locate a warehouse that will come within the requirements of the Code.

Yours very truly,

E. V. RHODES, *Vice President.*

2362 *Government Exhibit 303–K1*

OCTOBER 28, 1931.

(Our file W–191.)

Mr. E. P. ANDERSON,
414 Masonic Temple Bldg., New Orleans, La.

Subject: A. B. C. Warehouse, Sherman, Texas

DEAR MR. ANDERSON: Will you please refer to file W–191, A. B. C. Warehouse, Sherman, Texas, and ascertain whether or not Mr. van Buren ever returned the correspondence which we sent him under date of July 3, 1930, giving him the details of this case for investigation.

If you have it in your file, kindly return the correspondence to us immediately as we wish to send this file in its entirety to counsel for attention.

Very truly yours,

Office Manager.

2363 *Government Exhibit 303–L1*

TEXAS SUGAR REFINING CORP'N,
Texas City, Texas, December 9, 1930.

Mr. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.,
New York, N. Y.

DEAR MR. TAYLOR: Please refer to the Director's Minutes of November 20, particularly Adjourned Meeting November 21, under the heading "Buyer and Broker-Owned or Affiliated Warehouses", part of which reads as follows:

"* * * unless and until the Executive Committee shall have found that exceptional circumstances in the given case, such customer or broker does not derive any unfair advantage therefrom."

We desire to bring to your attention the case of the A. B. C. Storage Company at Sherman, Texas. There is no regularly organized warehousing or storage company in Sherman, and the wholesale grocers of Sherman want storage stocks, and they prefer to have the same carried in the warehouse of the A. B. C. Storage Company, from which storage the A. B. C. Candy Company has not derived any unfair benefit. I understand our competitors are storing in Sherman with a concern called "Andrews Company", and they are having

some very unsatisfactory experiences with the storage and with the condition in which their sugar has become in this storage.

Under this exception referred to above, cannot the A. B. C. Storage at Sherman be approved as a warehouse in which to carry sugar for the benefit of the local wholesale grocers in that community?

Yours very truly,

E. V. RHODES, *Vice President.*

(Handwritten notation:) Minutes, Jan. 30, 1931: Directors would not change the findings of the Executive Committee July 23, 1930, that this whse. was affiliated.

2364 *Government Exhibit 303–M1*

FEBRUARY 26, 1931.

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas.

GENTLEMEN: We have just received your report of new and discontinued warehouses for the week ending February 21, 1931, and note thereon statement to the effect that you have discontinued the A. B. C. Storage Company, Sherman, Texas.

You will recall that on October 17, 1930, you advised us that the stock in this warehouse consisted of only 75 bales and 40 cartons of specialties, which you expected to close out within a few days.

Will you please advise whether this stock referred to has only now been liquidated or whether you have made further shipment or shipments to this warehouse since last October?

Very truly yours,

THE SUGAR INSTITUTE, INC.,
SEYMOUR I. STILLMAN.

Government Exhibit 303–N1

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas, March 2, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.
(Attention: Mr. S. I. Stillman.)

GENTLEMEN: Replying to your letter of February 26th with regard to A. B. C. Storage Company, Sherman:

The writer notices a discontinuance thereof reported as of week ending February 21st, which meant that we had cleaned up all existing stocks in this warehouse. No sugars have been shipped into this warehouse by us since we received notice from the Institute to the effect that it should be discontinued.

Yours very truly,

W. M. BALL, *Sales Manager.*

2366 *Government Exhibit 303–O1*

Excerpts from Minutes

Executive Committee Meeting of January 8th, 1931

A. B. C. Warehouse: The Executive Vice Secretary read a letter from Texas City asking for a reinstatement of the A. B. C. Warehouse of Sherman, Texas, and stating that they did not believe the storage of sugar in this warehouse in Texas would constitute any discrimination. The Executive Committee requested the Institute to present this letter to the Board of Directors at its next meeting.

Directors Meeting January 29, 1931

A. B. C. Warehouse, Sherman, Texas: The Executive Vice Secretary read a letter from Texas requesting that consideration be given to the reinstatement of the A. B. C. Warehouse at Sherman, Texas. After discussion, upon motion duly made and seconded the Directors voted to make no change in the findings of the Executive Committee at its meeting of July 23, 1930, to the effect that this warehouse was affiliated with the A. B. C. Candy Company.

2367 *Government Exhibit 304*

MEMPHIS, TENN., *February 20, 1930.*

CALIFORNIA & HAWAIIAN REFINING CORP.,
215 Market Street, San Francisco, California.

GENTLEMEN: We, the undersigned jobbers and distributors of Sugar, feel that the present ruling on freight rates to Memphis is not fair based on rail rates, whereas Memphis enjoys barge rate of 31¢ from New Orleans; for this reason we are protesting against the arbitrary charge of 8¢ per hundred, in view of the fact that you are denying us our legal right of enjoying the rate established by the Barge Line.

We therefore request that all carload shipments be based on the following schedule: On all rail shipments rail rate to apply; on all barge shipments barge rate to apply; on all withdrawals from local warehouses, 10¢ per hundred to be added to the rail rate price when withdrawn in less than carlots.

Yours very truly,

OLIVER-FINNIE COMPANY;
KROGER GROCERY & BAKING COMPANY;
R. B. HART COMPANY;
CLAYTON-HUGHES COMPANY;
CLARENCE SAUNDERS STORES, INC.;
TOM LOVE COMPANY;
BANKS-GROCERY COMPANY;
W. B. MALLORY & SONS COMPANY;
J. T. FARGASON GROCER COMPANY;
DAVIS MIZE & COMPANY, INC.;
BELMONT CANDY COMPANY;
MALONE & HYDE, INC.

2368 *Government Exhibit 305*

THE AMERICAN SUGAR REFINING COMPANY,
132 North Peters Street, New Orleans, Louisiana,
Feb. 24, 1931.

CLAYTON HUGHES COMPANY,
Memphis, Tenn.

GENTLEMEN: We beg to advise you that your purchases from us during 1930 amounted to 1,722 bags, as compared with 15,198 bags during 1929. We sincerely regret to note the decrease, but trust you will more liberally favor us during 1931. Everybody connected with our Company greatly appreciates your business, and are desirous of handling it so satisfactorily that you will find it a pleasure to do business with us.

Thanking you in advance for an increased volume, with every good wish and kindest regards, please believe us to be,

Sincerely yours,

H. F. BARKERDING,
Sales Manager.

2369 *Government Exhibit 306*

MARCH 2, 1931.

AMERICAN SUGAR REF. CO.,
132 N. Peters St., New Orleans, La.
(Attn. Mr. H. F. Barkerding.)

DEAR SIR: This will acknowledge receipt of your letter of Feb. 24th in reference to our purchases of sugar from you during the year 1930. We regret very much to note the small amount of sugar we purchased from you during 1930 as compared with our purchases for 1929.

This, however, was brought about by the New Orleans refiners when they changed freight rates and charged the rail rate on river shipments. We regret this has brought about new competition on the Memphis market from other sources than the New Orleans refiners; however, we will try to do more business with your good company during the year 1931.

With best wishes, we are,

Yours truly,

CLAYTON HUGHES COMPANY,
By ——— ———, *President.*

2370 *Government Exhibit 307*

[Buyer's copy]

LOWRY & COMPANY, INC.,
444 W. Grand Ave., Chicago, Ill., January 7, 1931.

Sale No. 2094.
Brand, Pennsylvania Cane.

Sold to Urban F. Myers Co.
Address, 22 N. Desplaines St., Chicago, Ill.
Seller, Lowry & Company, Inc., agents, for account of seller.
Address, 90 Wall St., New York City, N. Y.
Terms, 2% 7 days.

Delivery Complete on Receipt of Goods by Carrier. This Purchase to Be Invoiced and Paid for at Contract Price. No Allowance Will Be Made for Declines in Market. Contracts and Agreements Contingent on Strikes, Accidents, Fire, or Other Delays Beyond Seller's Control. Shipment to Be Made at Seller's Option, Subject to Delay, if Any.

5,000 bags Pennsylvania cane gran. (frozen stock) @ 4.35 basis. Plus 0.51 prepaid rate.

Sugar sold as is and delivery to be taken from North Pier Term. Whse. within 30 days, no guarantee. Seller to absorb switching charges in switching district.

LOWRY & COMPANY, INC.,
Per A. PELUSE.

Confirmed to Mr. T. Olsen.

2371 *Exhibit 308*

Exhibit 308 (filed with the Clerk of the Supreme Court in lieu of printing) is a telegraphic announcement by American to Edwin R. Mayer, dated January 7, 1928, identical with Exhibit 117.

2372 *Government Exhibit 309*

THE AMERICAN SUGAR REFINING COMPANY,
132 North Peters Street,
New Orleans, Louisiana, April 12, 1929.

Mr. E. R. MEYER,
801 Spruce St., St. Louis, Mo.

DEAR MR. MEYER: On March sixth we entered for you contract NA–3096, 1800 bags equivalent, 4.75 basis, guaranty terms with Hosmer-Perry & Watson Brokerage Company as brokers.

On March 12th we made shipment of our CC–39100, 600 bags equivalent to the Litchfield Grocery Company, all-rail routing to apply on the above contract.

We have received thru Hosmer Perry & Watson Brokerage Company specifications for two cars for Meyer-Albert Grocery Company Cape Girardeau, Mo., to apply against this contract (NA–3096), on which barge routing is requested.

We are very sorry that it will be impossible for us to make shipment of the two cars for Meyer-Albert Grocery Company to apply against this contract in question, via barge routing, the contract being originally entered with guaranty terms, provided delivery is made within thirty (30) days via all-rail movement. Hosmer Perry & Watson Brokerage Company advise they are unable to secure proper routing specifications from you.

We are required to make delivery of our contracts within the time prescribed therein, and in accordance with the terms thereof will greatly appreciate your cooperation to the end of favoring us with shipping instructions for the equivalent of 1200 bags to complete this contract (NA–3096), entry of March sixth.

With kind regards, we are,

Yours very truly,

M. B. MURPHY, *Sales Manager.*

2373 *Government Exhibit 309–B*

APR. 15TH, 1929.

Mr. M. B. MURPHY,

% American Sugar Refining Co., New Orleans, La.

MY DEAR MR. MURPHY: I received your letter under date of April 12th, and I wired you immediately to deliver these 1200 bags of Sugar to the International Trading & Rice Corporation, New Orleans, Louisiana, cash against documents on $4.80 basis, less 2%, remitting same to Meyer-Albert Grocer Co., Cape Girardeau, Missouri.

You are to charge this Sugar to the Meyer-Albert Grocer Co., Cape Girardeau, Missouri.

Yours very truly,

2374 *Government Exhibit 309–C*

[Western Union]

NEW ORLEANS, LA., *Apr. 15, 1929, 5:01 P. M.*

E. R. MEYER,

801 Spruce St., St. Louis, Mo.:

Kingdom regret cannot make delivery against guarantee contracts in nonguarantee territory. This positively contrary to ruling, therefore not making delivery to International Trading Rice Corporation.

M. B. MURPHY.

2375 *Government Exhibit 309–D*

[Western Union]

SAINT LOUIS, MISSOURI, *April 16th, 1929.*

M. B. MURPHY,

Care American Sugar Refining Company,
New Orleans, Louisiana:

Your telegram ridiculous. You will either immediately deliver International Trading Rice Corporation per my instructions or we will buy this sugar on open market, charging you with loss. We are sick and tired being harassed on every turn by the American. This is our final answer to you.

EDWIN R. MEYER

2376 *Government Exhibit 309–E*

[Western Union]

SAINT LOUIS, MISSOURI, *April 16th, 1929.*

C. H. WHITE,
Care American Sugar Refining Company,
117 Wall Street, New York City, New York.:

Am sending following wire to Murphy Stop. Your telegram ridiculous. You will either immediately deliver International Trading Rice Corporation per my instructions or we will buy this sugar on open market, charging you with loss. We are sick and tired being harassed on every turn by the American. This our final answer to you.

EDWIN R. MEYER.

2377 *Government Exhibit 309–F*

[Western Union]

NEW YORK, N. Y., *Apr. 16, 1929—3:41 p. m.*

EDWIN R. MEYER,
801 Spruce St., St. Louis, Mo.

Referring Day Message 16th. Quoting wire forwarded to Mr. Murphy Stop. Writing you fully explaining whole situation. Please reserve judgment until receipt of my letter. Best regards.

C. H. WHITE, JR.

2378 *Government Exhibit 309–H*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, April 16, 1929.

Mr. EDWIN R. MEYER,
801 Spruce Street, St. Louis, Mo.

DEAR ED: I have your wire of even date quoting wire forwarded to Mr. Murphy at New Orleans and I have just wired you as per my confirmation attached.

I have communicated with Mr. Murphy and find that the two cars to which you refer were booked under guarantee terms for shipment via rail. Our contract provides that our customers located in guarantee territory must elect and specify at the time contract is booked the sugars that are desired for shipment under guarantee terms and the amount desired booked without guarantee. In the latter case, customers are privileged to ship sugars via rail or barge and into either guarantee or nonguarantee territory. However, in the former, under our guarantee terms covering sale, sugars would only be shipped into guarantee territory.

You will recall that we had discussed this very fully at the time of my recent visit with you and it has, also, been the subject of discussion at various times when we have talked over the telephone.

These terms apply regardless of whether the customer takes delivery or offers the sugar at resale.

It is my understanding that these are the competitive terms offered in your territory and I am sure that when you consider this matter, you will offer no objection to accepting delivery of these two cars under the terms in effect at the time the purchase was made.

You will recall that I explained that we were very anxious for your business and would do everything in our power to merit it, at the same time we were offering sugar under certain rules and regulations and any business that we might accept would be subject to our prevailing terms and as much as we would like to favor you, we could not deviate from these terms.

I am very sorry that you seemed to feel that we are harassing you when, as a matter of fact, we are just asking you to live up to the terms that have been specifically referred to and definitely explained at the time sale was made.

2379 We do not accept a resale under a guaranteed contract for delivery in non-guarantee territory from any customer on our books. This you may be sure of.

I hope to have the opportunity of talking over this whole sugar situation with you again in the near future.

However, meantime may I ask that you please permit our New Orleans Office to ship these sugars to you via all rail to some destination located within the guarantee territory, the movement to be via all rail.

Assuring you of my appreciation of your taking care of this matter, and with the hope of seeing you at an early date, I am, with personal regards,

Sincerely yours,

CHARLES WHITE.

2380 *Government Exhibit 309–I*

[Western Union]

SAINT LOUIS, MISSOURI, *April 17th, 1929.*

C. H. WHITE,
Care American Sugar Refining Company,
117 Wall Street, New York City, New York:

Twelve hundred bags sugar I ordered delivery New Orleans must be delivered today without fail. You have long as we have been dealing with you delivered sugars rail, either in guaranteed or non-guaranteed territories. You have embarrassed us tremendously. We don't appreciate it, and must insist delivery be made immediately today per our instructions to Murphy.

EDWIN R. MEYER.

2381 *Government Exhibit 309–K*

[Western Union]

NEW YORK, N. Y., *Apr. 18, 1929—1:10 p. m.*

EDWIN R. MEYER,
801 Spruce St., St. Louis, Mo.:

Refer to your day message of the 16th. Stop. Upon further investigation we find that ruling requiring sugars bought under guarantee contract to be delivered only in guarantee territory was not adopted until March eighteenth. Under circumstances we shall be glad to deliver sugar to party in New Orleans as requested stop. Sugars sold after March eighteenth under guarantee contract will be delivered only in guarantee territory stop. Sincerely regret this mixup and wish to apologize for causing you this inconvenience. Best wishes.

C. H. WHITE, Jr.

2382 *Government Exhibit 309–L*

[Western Union]

APR. 18, 1929—3:08 P. M.

EDWIN R. MEYER,
801 Spruce St., St. Louis, Mo.:

Day message 16th. You understand, of course, that we will bill you for the two cars delivered to International Trading and you can bill them stop. If they request us to make shipment beyond New Orleans we shall be glad to do so, provided destination is not an absorption point.

C. H. WHITE, Jr.

2383 *Government Exhibit 309–M*

APR. 19TH, 1929.

Mr. C. H. WHITE,
c/o American Sugar Refining Co.,
117 Wall St., New York.

MY DEAR MR. WHITE: Regarding your letter of April 16th:

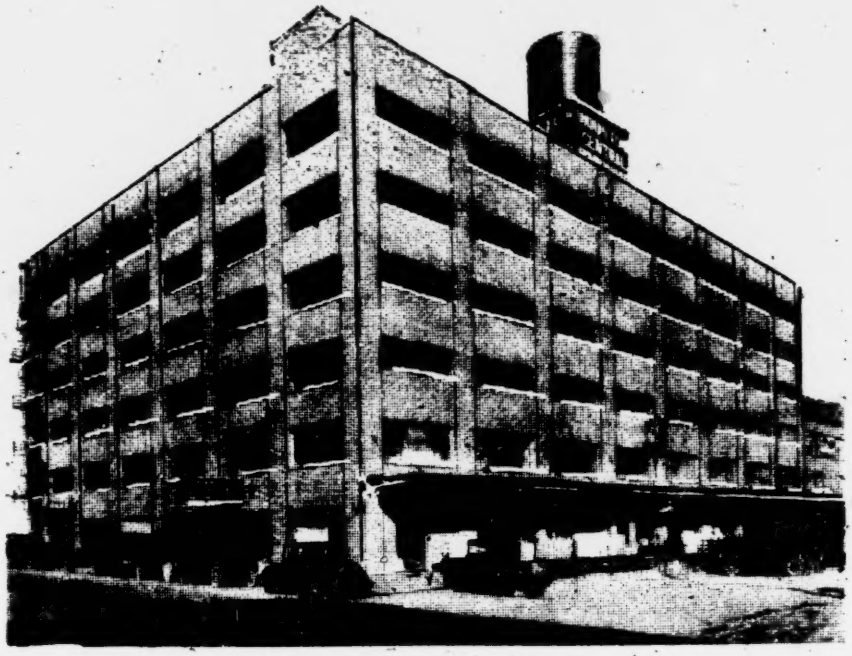
You, of course, realize that any concern who wishes the business of its customers must handle themselves in such a way which shows that their business is appreciated, and, frankly, for the last six months this has not been the attitude of the American Sugar Refining Company towards our Houses. They have tried to harass us, and have put into existence special rules and regulations which other refiners have not done.

Therefore, under the circumstances, you must realize we are not interested in giving the American any business. This hurts me more than I can tell, because for practically five or six years we have

always favored the American, but today the situation is changed; and, frankly, as long as the present attitude continues, we can see no chance of a change.

Yours very truly,

2384 *Government Exhibit 310*



Houston Central Warehouse Co.

2385 *Government Exhibit 311*

AUGUST 7, 1929.

SUGAR INSTITUTE,
129 Front Street, New York, N. Y.

GENTLEMEN: We have just received the information that owing to unethical handling, Members of the Institute will not be permitted to store Sugars with us in the future.

We deny most emphatically having done anything in the handling of any sugars for any refineries or any brokers that could possibly be construed as unethical, and we most earnestly demand that the Institute be kind enough to grant us a hearing. We do not believe that it is within the jurisdiction of the Sugar Institute or any other institute to absolutely convict and sentence a warehouse without at least giving them an opportunity to be heard. As the matter now stands, we are going to be subjected to considerable financial loss account of Institute refineries withdrawing their stocks.

Anything that this Company has done in connection with the handling of Sugars has been in strict accordance with instructions

issued by the refinery or the broker, and none other, and for this reason alone, we deny any unethical practices whatsoever.

Your very prompt reply with reference to a hearing before your Institute or Enforcement Committee will be greatly appreciated.

Yours very truly,

HOUSTON CENTRAL WAREHOUSE COMPANY,
By ----------, *President.*

2386 *Government Exhibit 311–A*

AUGUST 9, 1929.

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas.

GENTLEMEN: Referring again to the writer's visit with you several days ago, having reference to decision of the Sugar Institute as to unethical handling of Sugars.

In thinking over this matter, we can come but to one conclusion, and that is, the Houston Central Warehouse Company has been tried, convicted, and sentenced without a hearing, or without having been advised the cause or nature of the complaint, let alone who the complainants were. We believe that in justification to ourselves we should have some enlightenment on this subject.

Your account, up to the present time, has been a very valuable one, one that was greatly appreciated, and one that we used every effort to handle entirely to your satisfaction. We believe that the handling of your account was satisfactory from your viewpoint, for the reason that we have had very few—if any—complaints, our bills were paid promptly, and insofar as we are advised, the account was handled exactly in accordance with your expressed wishes and desired.

We will therefore appreciate very much your giving us, at your earliest convenience, such information as you may have as to the unethical handling that has been referred to by the Institute. You may rest assured that we are not going to permit ourselves to be subjected to any financial losses or embarrassment on account of the Sugar Institute, or any other institution, without justification, and insofar as we have been able to ascertain, in this particular instance, there is absolutely no justification whatsoever for Institute Members withdrawing their stocks from this Warehouse.

Assuring you again of our very hearty appreciation for past favors, and trusting that it will only be a very short time indeed until you will be permitted to favor us again with a good portion of your business, we are,

Yours very truly,

HOUSTON CENTRAL WAREHOUSE CO.

2387 *Government Exhibit 311 B*

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas, August 12th, 1929.

HOUSTON CENTRAL WAREHOUSE COMPANY,
Houston, Texas.

(Atten. Mr. Clint Holladay.)

GENTLEMEN: I acknowledge your favor of the 9th inst., with reference to action taken by the Sugar Institute, Inc., with respect to your claim that sugars have been manipulated in your warehouse or in consequence of handling through it.

The dealings of the Imperial Sugar Company with the Houston Central Warehouse have been, as I have told you before, *entirely satisfactory and the service rendered by the Warehouse to us has been all that we could ask for.*

The action taken by the Sugar Institute, as we stated, was *not because of any mishandling or alleged mishandling* on the part of the Houston Central Warehouse insofar as the services that they performed as warehousemen are concerned, but were *solely by reason of the close affiliation* of the Schuhmacher Company with the Warehouse Company as reported to the Institute by the Inspector, Mr. Patterson. In other words, the Institute has a general ruling that a refinery must not store sugars in a buyer's or jobber's warehouse, and while the two concerns are unquestionably separate, the Inspector and the Directors of the Sugar Institute took the view that they could not disregard the separate corporations and look to what they considered an identical control. The view of the Inspector was that our shipping sugars to the warehouse company, as we have repeatedly said, was entirely satisfactory to us, it had the same effect as though we had shipped for storage to the Schuhmacher Co. itself.

We feel that we have suggested to you every evidence at our disposal to convince you, Mr. Schuhmacher and Mr. Perlitz, that we are entirely in the clear in the entire matter notwithstanding your claim to have documentary evidence that someone has said that we were responsible. Unless you can give us something further to work on, we have gone about as far as we can.

We appreciate what you say with respect to trial, conviction, and sentence without a hearing, but it appears to us that this is the attitude that you take with respect to our alleged action. I think you will agree with me that when we have fully and frankly
2388 stated to you the facts that we have made no complaint to the Institute or to anyone else with respect to the situation, we are entitled, in all fairness, to be considered as not having done the things charged, unless or until we are furnished with something tangible to refute. You have told us that you cannot divulge the source of your information. If you are not satisfied with our statement to you here reiterated that your information is not true,

then you should do one of two things; First, and preferably, you should lay before us the source of your information and its exact terms, and, second, if you cannot do the first, you should communicate the source of your information to Judge Sidney Ballou, Executive Secty., of the Sugar Institute, thus enabling him to go further into the matter and to refute the charge against one of the members of the Institute.

Very truly yours,

J. ULRICH.

2389 *Government Exhibit 311–C*

SEAVEY & FLARSHEIM BROKERAGE CO.,
FIRST NATIONAL BANK BUILDING,
Houston, Texas, August 13, 1929.

HOUSTON CENTRAL WAREHOUSE COMPANY,
Houston, Texas.

GENTLEMEN: We are today in receipt of a wire from the California & Hawaiian Sugar Refining Corpn., instructing us to make no further shipments for storage to the Houston Central Warehouse Company until further notice. We, of course, will have to be guided by their instructions in this respect.

We, of course, are *hopeful* that this situation will soon be clarified and the warehouse *restrictions removed.* We are handling the matter with our people but cannot make any prediction as to what the final outcome will be.

Yours Very Truly,

SEAVEY & FLARSHEIM BROKERAGE COMPANY,
A. A. SMITH.

2390 *Government Exhibit 311–D*

AUGUST 14, 1929.

SEAVEY & FLARSHEIM BKGE. CO.,
First Nat'l Bank Building, Houston, Texas.
(Attention Mr. Smith.)

GENTLEMEN: We have your letter of the 13th inst., advising of instructions from the California and Hawaiian Sugar Refg. Corp. that no further Sugars are to be stored with us.

While we anticipated something of this nature, we regret very much that your people have found it necessary to take this action.

We have been condemned, tried, convicted, and sentenced without having been heard, and this, as you must appreciate, makes it rather difficult to clear ourselves before the Sugar Institute or anyone else, not having any information as to the reasons for the conviction.

We believe that, insofar as you are concerned, we have handled your account very satisfactorily, and we also believe that this is true of the other Sugar accounts that we had. At any rate, we are cer-

tainly hopeful that in due course of time the situation will be cleared up to the extent that we will be in the good graces of the California & Hawaiian Sugar Refg. Corp., as well as the Sugar Institute.

Assuring you of our very hearty appreciation for anything that you may do to hurry the arrival at this time, we are,

HOUSTON CENTRAL WAREHOUSE CO.,
By ----------,
President.

2391 *Government Exhibit 311–E*

AUGUST 14, 1929.

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas.
(Attention Mr. Ulrich, V. P. & G. M.)

GENTLEMEN: We hasten to acknowledge and thank you for your letter of the 12th inst., but want to assure you that you are laboring under a misapprehension for the following reasons:

The Houston Central Warehouse Company has not charged nor intimated that you were responsible for the attitude taken by the Sugar Institute. The gist of our conversation in your office last week was purely and simply how to get out from under it, and if our letter of the 9th inst. left the impression that we were accusing you, then we certainly apologize, but upon looking over the letter, we do not see where we have done other than to, in a measure, appeal to you as friends to help us, if possible, out of the bad situation that we find ourselves in through no fault of ours.

The information we have received with reference to the action of the Sugar Institute was just this: "that owing to complaints made by Texas refineries, we could not be patronized by Institute Members", and immediately upon receipt of this information, we proceeded to come to you to help us in any way that you could consistently do. The thing before us as we see it, with the information contained in your letter of yesterday, is purely with the Institute, and since we have requested a hearing, we presume that there is nothing that we can do until we hear from them.

We again assure you of our appreciation for your past favors, and anticipate being privileged to handle considerable of your business shortly.

Yours very truly,

HOUSTON CENTRAL WAREHOUSE CO.,
By ----------
President.

2392 *Government Exhibit 311–F*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 14th, 1929.

Mr. CLINT HOLLADY,
President Houston Central Warehouse Company,
Houston, Texas.

DEAR Mr. HOLLADY: We have your letter of August 7th regarding Institute members' discontinuing the use of your warehouse, and requesting an opportunity for a hearing before the Enforcement Committee regarding same. The Institute's recommendations to its members in such matters are not always based upon alleged violated ethics in warehouse practice, but more often upon the result of an affiliation of interests which cause such warehouses to be classified as "buyer owned or controlled."

The report of our investigator caused us to classify your warehouse as such under our resolution of May 2nd, from which we quote the following:

"The word 'broker' as used herein included 'subbroker', and the words 'broker' and 'customer' include individuals, partnerships, corporations, or associations by whatever name, and any business or interest affiliated with that of the broker or customer. A broker shall be deemed to be interested in the business of merchandising or warehousing sugar if, directly or indirectly, such broker shall derive any benefit or advantage therefrom, which the broker may, directly or indirectly, employ to discriminate between purchasers of sugar; and a customer shall be deemed to be interested in the warehousing of sugar, if, directly or indirectly, such customer shall derive any benefit or advantage therefrom, which may amount to discrimination in favor of such customer in the purchase of sugar."

We do not wish to appear discourteous but we doubt
2393 that any advantage would result from a meeting such as you suggest.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2394 *Government Exhibit 311–G*

AUGUST 19, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, New York.

(Attention: Mr. Fred G. Taylor, Executive Vice Secretary.)

GENTLEMEN: We have before us your letter of the 14th inst., wherein you attempt to justify the Institute's action in instructing Members not to patronize this Warehouse.

We must confess that we are at a loss to understand what prompted the Institute's action. We first received information that it was due

to unethical handling of Sugars; your letter now says it is possibly due to affiliation of interests. Regardless of the excuses used, we deny most emphatically, first, that we have done anything unethical in the handling of Sugars, and, second, that any buyer of Sugars has been benefitted in any way, shape, or form account of our handling Institute Members' products.

No one connected with the Schuhmacher Company has been benefitted in a monetary way whatsoever. The mere fact that *some of the stockholders of the Schuhmacher Company have stock in the Houston Central Warehouse Company* does not indicate that they would insist upon the Warehouse doing anything unethical any more than they would by holding stock (which they do) in the Imperial Sugar Company.

We do not know, of course, just what information your Inspector, Mr. Patterson, developed while he was in Texas; we do know, however, that if he recommended discontinuing the use of this Warehouse by Institute Members account unethical handling, or any benefits accruing to Sugar buyers, he was, to say the least, erroneously informed, and in this connection we believe that we have not
2395 received courtesy due us before your arbitrary order was issued.

The Imperial Sugar Company has gone on record as stating that our services to them were entirely satisfactory. We have been so informed by other Sugar interests, and as long as we have rendered services with which your Members were satisfied, and were willing to pay for, then we have certainly done no wrong.

We have not as yet discussed this matter with our attorneys, but believe we would be justified in doing so at our earliest convenience, for the reason that your order is depriving us of a vast amount of business, and the information that has been circularized is being used by our competitors, and is placing us in a very embarrassing position, not only with Sugar Clients but other nationally advertised merchandise accounts, and if your action is not in Restraint of Trade then we are not fully advised as to the meaning thereof.

You may rest assured that we are going to go to every possible extreme necessary to clear our reputation, and place ourselves in the confidence of our clients as we have heretofore been.

Very truly yours,

HOUSTON CENTRAL WAREHOUSE CO.,
By ------ ------, *President.*

2396 *Government Exhibit 311–H*

AUGUST 20, 1929.

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas.

GENTLEMEN: We are attaching herewith copy of our letter to the Sugar Institute of yesterday, thinking possibly it would be of interest to you to know just what we were doing.

We still maintain that we have done nothing unethical, or that any Sugar buyers have profited account handling your Sugar, or any other refinery's Sugar in this Warehouse.

The more we think of the proposition, the more inclined we are to discuss the matter with our attorneys, with the view of endeavoring to recover account of the liable that has been broadcast, and the propaganda that is being used against us. While up to the present time we have lost nothing except Sugar, we would not be at all surprised to have other merchandises withdrawn account of the vicious solicitation of some of our competitors using such information as they have may obtained with reference to the Institute's ultimatum to their Members.

Yours very truly,

HOUSTON CENTRAL WAREHOUSE CO.,
By ----------, *President.*

2397 *Government Exhibit 311–I*

AUGUST 20, 1929.

SEAVEY & FLARSHEIM BKGE CO.,
First Nat'l Bank Building, Houston, Texas.
(Attention Mr. Smith.)

GENTLEMEN: In supplementing our letter of the 14th, we are doing so with the belief that possibly the impression we have of the Sugar situation might be beneficial to you in discussing the matter with the California & Hawaiian Sugar Refg. Corp., as they are, no doubt, being guided in their action by information obtained elsewhere.

The first advice we had with reference to the action of the Institute was information given us confidentially, and was to the effect that "owing to unethical handling of Sugars, Institute Members would not be permitted to store Sugar in our Warehouse." Upon taking the matter up with the Institute, we were informed that the complaint may not have been based on unethical practices, but because of a resolution pertaining to buyer owned or controlled warehouses. This leaves us pretty much at sea as to the real complaint, and further intensifies the feeling that we have been condemned, tried, and convicted without a hearing.

In view of the fact that as warehousemen, we only have one commodity for sale, which is, as you know, service, it is impossible to conceive of our handling any Sugars in an unethical manner, when we only comply with the refiners' or brokers' instructions, and had we the Code of Ethics as used by the Institute, we would surely not be at liberty to question instructions received as to the disposition of Sugars which we were holding for the refiners' or brokers' account.

When it comes to the buyer owned or controlled warehouse, as referred to by the Institute, we admit that there is some of our stock owned by parties who are connected with a wholesale grocery concern; they also own stock in the Imperial Sugar Company, and we deny most emphatically that they attempt to either control or profit

by such ownership of stock in our Warehouse. We are chartered and operate under the Laws of the State of Texas, and up to
2398 the present time none of the stockholders have received dividends from the operation of the Houston Central Warehouse Company.

If we follow the line of reasoning as set forth by the Institute, it occurs to us that it would be rather a difficult matter for the refineries to dispose of their products, because there are so many ways of coming into contact with interlocking directory and ownership.

We have requested the Institute to grant us a hearing, but up to the present time our request has not been granted, and it occurs to us that we should, without further delay, take the matter up with our attorneys for their advice from a legal standpoint, because we have been, and are being, penalized, and liabled by the ultimatum issued by the Sugar Institute. Our competitors are broadcasting propaganda that will ultimately affect our relationship with other valuable accounts that we have at present.

We appreciate very much the attitude that you have taken heretofore, and we assure you that your friendship and cooperation is greatly desired, and that we sincerely trust that it will only be a very short time until you will be permitted to again store considerable of your Sugars with us.

Very truly yours,

HOUSTON CENTRAL WAREHOUSE CO.,

By ——— ———, *President.*

2399 *Government Exhibit 311–J*

IMPERIAL SUGAR COMPANY,

Sugar Land, Texas, August 21st, 1929.

HOUSTON CENTRAL WAREHOUSE COMPANY,

Houston, Texas.

(Atten. Mr. Clint Holladay, Pres.)

GENTLEMEN: I have received and thank you for your letter of the 14th inst. in reply to mine of the 12th, and I note with a great deal of pleasure the kind expressions which it contains.

We, of course, are just as anxious as you to get the entire matter straightened out and the status of your Company recognized as it should be. However, there still remains a point of much importance to us on which I think we should be satisfied, and that is your advice heretofore given us that you have or have read a letter signed by an official of the Sugar Institute stating that the action of the directors in condemning your warehouse was taken at the suggestion or request of "Texas Refiners." Now, as we all know, there are only two Texas refiners—the Texas City refinery, which, I understand, has never done any business whatever with you and is not in position to say anything one way or the other about you, and our company. Therefore, the advice previously given seems to point

squarely at our company, and, in view of this, I must refer to the concluding paragraph of my letter of the 12th and urge you to communicate either to us or to the Institute a copy of the letter referred to, if you have it, or its substance and the name of the signer, if you do not have it.

I am sure that you will feel as I do, that this is no more than fair, and I am sure that Mr. Schuhmacher and Mr. Perlitz should feel the same way about it, and that the furnishing of the information requested will go a long way toward helping to clear up the entire situation.

Very truly yours,

G. O. ULRICH,
V. P. & G. M.

2400 *Government Exhibit 311–K*

AUGUST 21, 1929.

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas.
Attention Mr. Ulrich, Vice Pres. & Gen. Mgr.

GENTLEMEN: We have for acknowledgement yours of the 21st inst., making further reference to the Sugar storage situation.

As stated to you personally, the information that we secured was given us confidentially, and we are not going to embarrass our good friend by stating source of the information until such time as our attorneys deem it wise to do so, at which time we, of course, except to have the consent of our friend to use the information to the best possible advantage.

We again say to you that the Houston Central Warehouse Company has not accused you of making any complaints to the Sugar Institute. In all of your letters up to the present time you have referred to this particular subject, but it occurs to us that it is due to conversation that you had with Mr. Perlitz, and not from anything that we have said or written.

Very truly yours,

HOUSTON CENTRAL WAREHOUSE CO.,
By ——— ———,
President.

2401 *Government Exhibit 311–L*

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas, August 22nd, 1929.

Mr. CLINT HOLLADAY,
President Houston Central Warehouse Co.,
Houston, Texas.

DEAR MR. HOLLADAY: We have your letter of the 21st in reply to ours of the same date in regard to the sugar storage matter.

I note that the information which you advise you have was given you confidentially and that you are unwilling to embarrass the person who gave it to you by disclosing its source unless your attorney should deem it wise to do so, and then only in the event you obtain his consent.

I also note that the Central Warehouse Company has not accused the Imperial Sugar Company or its officers of making any complaint to the Sugar Institute. It take it that this includes not only yourself as President of the warehouse, but Mr. Schuhmacher and Mr. Perlitz as stockholders, both of whom in discussing the matter made it entirely clear that they were speaking in behalf of the Warehouse Company.

My understanding from the foregoing is, therefore, that there is now no charge whatever that the Imperial Sugar Company or its officers made any complaint with respect to the matter; and, if this is correct, I am willing to let it rest as it is.

Very truly yours,

G. O. ULRICH,
V. P. & G. M.

2402 *Government Exhibit 311–M*

SEPTEMBER 4, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, New York.
(Attention: Mr. Fred G. Taylor, Executive Vice-Sec'y.)

GENTLEMEN: We apparently are without acknowledgement of our letter of August 19, making further reference to embargo issued by your good Institute against ourselves in connection with the handling of Institute Members' Sugars.

We are very anxious indeed to get to the bottom of this situation, and we will appreciate very much your advising us if there is any possibility of the Institute's withdrawing the order. It is necessary that we have this information so that we will know just how to proceed, as we are not satisfied with the indictment that has been placed against us, and are going to use every effort possible to recover in some way or another.

Very truly yours,

HOUSTON CENTRAL WAREHOUSE CO.,
By ——— ———,
President.

2403 *Government Exhibit 311–N*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 30, 1929.

HOUSTON CENTRAL WAREHOUSE COMPANY,
Houston, Texas.

(Attention Mr. Clint Hollady.)

GENTLEMEN: We have read with interest your letter of August 19th in which you express doubt as to the motives which led to disqualifying your warehouse for sugar storage.

In our former communication to you we inadvertently omitted quoting an important part of the Resolution referring to such matters. We are attaching hereto a copy of that Resolution and particularly direct your attention to Paragraph No. 2 on Page 2, and the explanatory notes which follow.

We do not wish to be understood as refusing to give you an audience if you desire it, but we still doubt that any advantage would result from such meeting.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

2404 *Government Exhibit 311–O*

SEPTEMBER 6, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, New York.

(Attention Mr. Fred G. Taylor.)

GENTLEMEN: We have for acknowledgement your letter of the 30th ult., together with copy of Resolution as compiled by the Institute.

It occurs to us that the refiners of Sugar would be limited, and their operations greatly curtailed, if they attempted to stay within the meaning of your Resolution. By drawing an imaginary line, and assuming that they were in honor bound to follow your instructions, they would, as we interpret the Resolution, be prohibited from shipping Sugars via rail line in which Sugar customer might hold stock, or from dealing with a bank, and innumerable other institutions in which individuals connected with a wholesale grocery company might have stock.

Insofar as your Resolution refers to ourselves, we believe that it is rather far-fetched, as no Sugar buyer has any interest whatsoever in our Warehouse. The Schuhmacher Co. does not have any stock, nor do we have any stock in their business. The Sugar Institute placed an embargo on this Warehouse, causing your Members to move to the Houston Terminal Warehouse and Cold Storage Company, and we want to ask you just this question: do any of the jobbers of this City, or individuals connected with jobbers of this City own stock in the Houston Terminal Warehouse and Cold Storage

Company? An officer of the Imperial Sugar Company has stated that they made no investigation as to the stockholders of the Houston Terminal Warehouse and Cold Storage Company before transferring their Sugars from our Warehouse to them. How do they, or you, know that they are not again violating the Resolutions of the Institute?

2405 We were yesterday advised by the Imperial Sugar Co. that the service rendered them was entirely satisfactory, and that they had, in all probability, accepted orders from the Schuhmacher Company, the handling of which, at their stated preference, possibly violated some little portion of your Code of Ethics. This we believe to be the entire "meat in the cocoanut."

Your Inspector, Mr. Patterson, stated on his inspection here, that *our facilities were good* and our records were good, and that he considered it a favorable Sugar-storage warehouse. The same information was given to the Imperial Sugar Company. Later on, his inspection of the records of the Imperial Sugar Company seemed to develop some handlings that were not exactly in accordance with your Code. The result is, we have been made the goat; have been penalized, and are suffering financial loss as well as embarrassment for something we did not do. Not having been furnished copy of the Code of Ethics, and not knowing what they contained, we, of course, did not know that the Imperial Sugar Company were violating any of your rules. Even though we had been familiar with your rules, would it not have been presumptious on our part to question, in any manner, their instructions given us as to handling Sugars of a refinery who were paying us a legitimate charge for the handling? In other words, we would not be in a position to, even though we knew rules were being violated, prevent it.

It is very evident to us that we are not getting anywhere; we have requested a hearing; the request, so far, has not been granted, and it occurs to us that our own recourse now is through the Courts, and just as soon as our attorney returns from his vacation we will proceed to take the matter up with him. We regret exceedingly that this action has been forced upon us, but you must appreciate the fact that we cannot consistently sit by and peacefully submit to punishment that has been meted out to us.

Very truly yours,

HOUSTON CENTRAL WAREHOUSE COMPANY,
By ——— ———, *President.*

2406 *Government Exhibit 311–P*

SEPTEMBER 6, 1929.

Mr. W. T. ELDRIDGE, Sr.,
% Imperial Sugar Company, Sugar Land, Texas.

DEAR MR. ELDRIDGE: After our conversation yesterday, we received a letter today from the Institute, sending copy of their Resolution with reference to customer warehouse, and are replying to this com-

munication as per copy of our letter attached, which we thought you would like to have.

Yours very truly,

HOUSTON CENTRAL WAREHOUSE CO.,
By ——— ———, *President.*

2407 *Government Exhibit 311–Q*

SEPTEMBER 17, 1929.

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas.
(Attention MR. Ulrich.)

GENTLEMEN: We had thought that your letter of August 22 required no answer, but in looking over the correspondence and rereading your letter we believe that we should clear up one point.

Your letter has the appearance of, or rather you intimate that the Imperial Sugar Company and its Officers are clear of any fault of the predicament we are in, due to the Institute's embargo. We do not care to go on record as furnishing you with a clean bill of health just at this instance, for the simple reason that you are a party of the Sugar Institute, and as such you are, in a measure, responsible for the position that we are now in, which, you must admit, is due to no fault of ours.

You can readily appreciate the seriousness of the situation insofar as we are concerned, and that, as a Member of the Institute, we would hesitate to assume that you were not at least partially responsible, and until we have been cleared of the charges and libel we will hold you, as well as all Members of the Institute, responsible. We are merely writing this that you understand just how we feel in the matter.

Very truly yours,

HOUSTON CENTRAL WAREHOUSE CO.,
By ——— ———, *President.*

2408 *Government Exhibit 311–R*

APRIL 18, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

GENTLEMEN: Supplementing our letter of even date requesting reinstatement of our warehouse, it is, of course, understood that if and when you do this we will withdraw any and all claims and litigation that we have, or have contemplated against the Sugar Institute.

Yours very truly,

HOUSTON CENTRAL WAREHOUSE CO.,
——— ———, *President.*

2409 *Government Exhibit 311–S*

APRIL 18th, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

GENTLEMEN: This is to advise that at this time neither Mr. Chas. Perlitz or Mr. H. C. Schuhmacher are stockholders in the Houston Central Warehouse Company, and we know of no one who has stock in The Schuhmacher Company having stock in the Houston Central Warehouse Company; nor do any of the stockholders of the Houston Central Warehouse Company have any stock in The Schuhmacher Company.

We believe that the above statement fully clears up any alleged affiliation between The Schuhmacher Company and the Houston Central Warehouse Company, and we respectfully request that your Directors now declare the Houston Central Warehouse Company as ethical and withdraw your objections to members of the Institute storing sugar in our warehouse, and so advise them.

Yours very truly,

HOUSTON CENTRAL WAREHOUSE CO.,
——— ———, *President.*

2410 *Government Exhibit 311–T*

MAY 2, 1930.

THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.

GENTLEMEN: Not having received an acknowledgment of our letter of April 18th, we write to inquire if our application for reinstatement has been received and any action has been taken.

If not, may we respectfully suggest that it be handled as expeditiously as possible, as we have several matters we are holding in abeyance, awaiting favorable decision from you.

Yours very truly,

HOUSTON CENTRAL WAREHOUSE CO.,
By ——— ———, *President.*

2411 *Government Exhibit 311–U*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 12th, 1930.

HOUSTON CENTRAL WAREHOUSE COMPANY,
Houston, Texas.

(Attention Mr. G. Holladay, Pres.)

GENTLEMEN: Please pardon us for not replying sooner to your letter of April 18th. It will be called to the attention of the Board or of the Executive Committee at the first meeting of either one.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2412 *Government Exhibit 311–V*

JUNE, 2, 1930.

THE SUGAR INSTITUTE, INC.,
219 Front Street, New York, N. Y.

GENTLEMEN: We are just wondering if you are not at this time in position to give us something definite with reference to our letter of April 18, requesting reinstatement.

We are very anxious, indeed, to get this matter behind us as we are losing considerable valuable business. If it is not asking too much, we will surely appreciate the matter having preferred attention.

Yours very truly,

HOUSTON CENTRAL WAREHOUSE CO.,
By ——— ———, *President.*

2413 *Government Exhibit 311–W*

[Postal Telegraph]

HOUSTON, TEXAS, *June 18, 1930.*

W. T. ELDRIDGE,
Pennsylvania Hotel, New York City, New York:

Institute making further investigation and asks this question, first, how was stock purchased from Schuhmacher and Perlitz paid for; second, why bought? We believe Institute going entirely too far, and before answering above question would prefer withdrawing application; returning file to attorneys for further handling. Application for reinstatement made largely your solicitation and we will appreciate your defending our honesty and business integrity.

HOUSTON CENTRAL WAREHOUSE CO.

2414 *Government Exhibit 311–X*

JUNE 18, 1930.

Mr. W. T. ELDRIDGE,
Pennsylvania Hotel, New York, New York.

DEAR MR. ELDRIDGE: As you are possibly aware, the Sugar Institute some little time ago, in connection with application for reinstatement, had their Mr. Van Buren call and make certain inquiries, all of which having largely to do with transfer of the stock of Messrs. Schuhmacher and Perlitz.

The records were placed at Mr. Van Buren's disposal, and we believe all of the questions propounded by him were satisfactorily answered. We were, however, this morning favored with a visit from this gentleman, who requested information as to how Messrs. Bond, Silberman, and myself paid for the stock we bought, also what prompted us to buy this stock.

The answer to the first question was that we did not consider it any of the Institute's concern as to how we paid for anything that we bought, so long as the purchase was made in good faith and the obligation assumed in good faith. In other words, we really do not think that it is any of the Institute's business as to how we handle our personal affairs, and any stocks, bonds, or other purchases that we make are our personal affairs.

The second question, however, notwithstanding the fact that the Warehouse Company has not paid any dividends, was that our view of the situation was that this particular line of business was just now in its infancy, and that we consider it to be one of the most attractive at the present time.

We really believe that the Institute is questioning our hon-
2415 esty and business integrity, and we absolutely are disposed to withdraw the application, which was made largely at the solicitation of yourself, and turn this matter back over to our attorneys, that they may proceed with the suit that they had been working on for some little time. We have never felt that we received anything other than unjust treatment at the hands of the Institute, and that we have been libeled by the information which was put out, possibly not by the Institute but by an Institute member, and the propaganda has been broadcast by our competitors, and no later than yesterday the same situation developed in a more specific manner, and it dovetails along with the further inquiry of Mr. Van Buren this morning.

In our application, we stated that any action that we might contemplate would be withdrawn upon the reinstatement. If this method of investigation continues, we believe that we would prefer withdrawing the application. We are sorry that this matter did not come up earlier, that we could give you the information above before the Institute's meeting tomorrow. At any rate, we sincerely trust that you will defend our position in line with the request contained in our telegram, copy of which we are attaching hereto.

With kind personal regards, we are,

Yours very truly,

HOUSTON CENTRAL WAREHOUSE CO.,
By ----------, *President.*

2416 *Government Exhibit 311–Y*

[Postal Telegraph]

NEW YORK, *N. Y., June 18, 1930—1:40 p. m.*

HOUSTON CENTRAL WAREHOUSE CO.,
Houston, Tex.:

Wire date your proposition comes up, tomorrow or Friday, and will have my preferred attention.

W. T. ELDRIDGE.

2417 *Government Exhibit 312*

CONSUMERS MILL PRODUCTS COMPANY AND
MR. SOLOMON GOLDBERG,
10 East Third St., Kansas City, Missouri.

GENTLEMEN: Referring to conference at Franklin, Louisiana, on November 8th, 1930,. also subsequent telegraphic correspondence, we are submitting this letter in duplicate as a confirmation of our agreement for account of our principles, Sterling Sugars, Inc., with your good selves.

The Consumers Mill Products Company and Solomon Goldberg represent:

That they have an established trade in the distribution of sugar at Kansas City, Missouri; Kansas City, Kansas, and at other points within a radius of one hundred (100) miles of Kansas City, Missouri.

That in the past they have distributed as much as five hundred thousand (500,000) bags sugar within a year.

That they have a financial worth in excess of Two Hundred Thousand ($200,000.00) Dollars, their affairs are in good shape, and making satisfactory progress with their business.

That they offer to introduce and establish the Sterling brand of granulated with their trade, and estimate they will be able to sell from sixty thousand (60,000) to one hundred and fifty thousand (150,000) bags of Sterling yearly, provided they can purchase the Sterling brand at ten cents (10¢) per one hundred (100) pounds cheaper than the prevailing cane market from time to time as established on other leading brands of standard cane sugar, such as American, C. & H., etc.

And, further provided that they are able to purchase the Sterling sugar for shipment by rail, barge and rail, basis actual rail, barge and rail rates, with the price always guaranteed until arrival ten (10) points below prevailing cane market, and with terms of payment allowing them ten (10) days' credit after arrival of each shipment.

And, further provided that Sterling Sugars, Inc., agree to carry a floor stock with them of between eighteen hundred (1,800) and twenty-four hundred (2,400) bags of sugar, which floor stock they would handle without charge for storage, insurance or handling; and would report promptly as sold and delivered, for billing, based on the prevailing market price date of each sale, and payable ten (10) days after date of sale; these floor stocks to be priced ten (10) points under prevailing cane market on dates when and as reported for billing.

The representations of The Consumers Mill Products Company and Mr. Solomon Goldberg as above set forth, have been duly considered by the Sterling Sugars, Incorporated, of Franklin, Louisiana,

represented by C. D. Kemper, Treasurer and General Manager, who in turn represent:

That Sterling Sugars, Incorporated, agree to work with them on an exclusive basis in the territory described for a period of three (3) years; agreeing to furnish them with a minimum of twenty-four hundred (2,400) bags per month, during such months within the three (3) years that the Sterling Refinery is in operation.

2418 Sterling Sugars, Incorporated, being favorably impressed with the proposal of the Consumers Mill Products Company and Solomon Goldberg, as above stated, and being especially interested in the introduction of their brand and its distribution in the volume as represented, accept the proposal of the Consumers Mill Products Company and Solomon Goldberg, and agree to furnish a minimum of twenty-four hundred (2,400) bags monthly during such months as their refinery may be in operation during the three (3) year period, as proposed; which sugar will be sold from time to time on thirty (30) day contracts, in quantities of from six hundred (600) to forty-eight hundred (4,800) bags; shipment rail, barge and rail at the rail, barge and rail rate, guaranteed ten (10) points under prevailing cane market until arrival, and payable ten (10) days after arrival.

And carry floor stocks to a maximum of twenty-four hundred (2,400) bags, which floor stocks will be handled free of expense to Sterling Sugars, Inc. for insurance, storage, and handling; these floor stocks to be reported for invoicing at the then prevailing market price of standard cane on dates as used, less ten (10) cents per one hundred (100) pounds, basis rail, barge and rail rate, and payable ten (10) days after date of invoice.

Sterling Sugars, Inc. reserves the option of limiting their sales to Consumers Mill Products Company and Solomon Goldberg, including sales made under thirty (30) day contracts, as well as sugars shipped for floor stocks, to a total of twenty-eight thousand eight hundred (28,800) bags per annum.

In the event that during the ensuing three (3) years all beet and cane refiners should withdraw the guarantee, our principals will have the right, under this agreement, to withdraw the price guarantee herein given, and the Consumers Mill Products Company and Solomon Goldberg agree thereto.

In case price guarantees should be withdrawn, our principals, Sterling Sugars, Inc., agree to increase the amount of floor stocks from twenty-four hundred (2,400) bags, as above set forth, up to a maximum of forty-eight hundred (4,800) bags.

The Sterling Sugars, Incoroprated, reserves the right to sell their Granulated Sugar to other buyers in the Consumers Mill Products Company and Solomon Goldberg's Kansas City territory when and if the Consumers Mill Products Company and Mr. Solomon Gold-

berg uses less than twenty-five thousand (25,000) bags of Granulated Sugar in any one year during the term of this agreement.

Yours very truly,

LEBOURGEOIS BRNKERAGE COMPANY, INC.,
President.

Accepted and approved.

STERLING SUGARS, INC.,
C. D. KEMPER, *G. M.*

Accepted and approved.

CONSUMERS MILL PRODUCTS COMPANY.

Accepted and approved.

SOLOMON GOLDBERG.

2419 *Government Exhibit 313*

FEDERAL SUGAR REFINING COMPANY,
82 Wall Street, New York, January 11, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

(Attention of Judge Ballou.)

GENTEMEN: I quote you excerpt from letter received from The P. & E. Grocers Company of Youngstown, Ohio, who feel that the Institute made a mistake in removing their city as a consignment point. I understand that you have received contrary opinions from others but I am wondering whether they are actuated by any desire to increase the sale of beet sugar. In reviewing the date, will you please give due consideration to the viewpoint of our customers?

"I am very frank to state that owing to the ruling of the Sugar Institute which eliminated Youngstown as a consignment point during the year 1928, we used a far greater percentage of beet sugar than any year in our previous history. We, like other small jobbers and users of the sugar in this territory, felt that this ruling discriminated against Youngstown and we are still of that opinion. Particularly when we discovered that Akron was restored as a sugar consignment point some months ago.

"We are hoping that the Sugar Institute will recognize the importance of Youngstown as a distribution center and again place us in the position that we occupied in 1927 which, I am sure, would greatly increase the sale of cane sugar in this city during the year 1929 over what it was in 1928."

Yours very truly,

EDGAR H. STONE,
Vice President.

2420 *Government Exhibit 313–A*

FEB. 24TH 1928.

RALPH O. DRURY & Co.,
Youngstown, O.

GENTLEMEN: The writer has been directed to advise you that hereafter we will carry no consignment at all at Youngstown.

You will please understand that this step is taken in order to reduce the number of consignment points, and is due to no fault of your own.

It undoubtedly will result in confining business in your territory mainly to the carload and occasional pool car buyers who will take sugar for direct shipment from our plant at Yonkers. This, of course, is an entirely new situation, but we have no doubt that you will be able to readjust your methods accordingly.

There is no reason why you should not reach out into nearby territory and actively solicit the accounts at hand. We shall certainly give you all the cooperation possible at this end of the wire.

Our records show a small balance remaining unsold in your warehouse and with the market in the technical position it is today, believe that same may be worked off within a very short time.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Acting General Sales Manager.

(Federal files.)

2421 *Government Exhibit 313–B*

(Letterhead of Ralph O. Drury Company, Merchandise Brokerage, Mahoning Bank Building, Youngstown, Ohio)

MARCH 6, 1928.

THE FEDERAL SUGAR REFINING COMPANY,
82 Wall Street, New York City.
(Att. J. H. Ketcham.)

GENTLEMEN: With reference to your discontinuing consignments at Youngstown.

This decision on the part of the Refiners is hard to understand inasmuch as our market has a trading population of close to a half-million people. It is also growing rapidly, and has now really developed into an individual distributing point. Consignments have been of great assistance to the Wholesale Grocer in Youngstown, and, of course, the discontinuance of same adds another obstacle to their chances of success.

However, we hope that everything will work out O. K. It is our intention to work very hard, and get as much Sugar business as possible. We hope that you will put us in position to do our part. We will dispose of the odds and ends we have on hand at the earliest possible time.

We trust that you will resume operations at the refinery and extend to us close cooperation.

Yours very truly,

RALPH O. DRURY COMPANY,
R. O. DRURY.

(Federal files.)

2422 *Government Exhibit 313–C*

MARCH 7th, 1928.

R. O. DRURY & Co.,
Mahoning Bank Bldg., Youngstown, O.

DEAR SIR: Replying to your favor of the six instant with reference to discontinuing consignments at Youngstown, would say that the writer personally regrets very much to see this action work an apparent hardship on you. The decision, however, has been made and cannot be altered now.

We simply suggest that a brand new situation has sprung up in the sugar business generally, and the changed conditions must be faced. Frankly, we do not think the outlook to be as gloomy as may at first glance appear. There are a number of jobbers in your territory who are equipped to handle and distribute full carloads, obtaining not only the benefit of a full-carload rate, but the advantage of a short transit period. These very facts place them in a position whereby their services are of necessity to the small retail buyer. Jobbers have always contended that this business belonged to them. Certainly from now on their chances of securing this business are greatly enhanced.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Acting General Sales Manager.

(Federal files.)

2423 *Government Exhibit 314*

[Postal Telegraph]

[Copy]

DULUTH, MINNESOTA, *June 22, 1930.*

Mr. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, New York City:

It has come to our attention that letters are being sent by your Institute to sugar refiners advising against shipments of sugars to our warehouse for public storage Stop. In our opinion, this has been done without proper investigation, having been instigated by certain brokers entirely for selfish reasons or to promote other competitive warehouses Stop. We are not now purchasers of sugars direct from any refiners and the small quantity that Bridgeman Russell Company,

who are also located in this building, use for manufacturing of dairy products is purchased from various jobbers Stop. Any action against us, therefore, seems manifestly unfair.

BRIDGEMAN RUSSELL CO. WAREHOUSE.

2424 *Government Exhibit 314–A*

[Copy]

THE SUGAR INSTITUTE, INC.,
123 Front Street, New York, June 28, 1929.

BRIDGEMAN-RUSSELL COMPANY WAREHOUSE,
Duluth, Minnesota.

GENTLEMEN: The fact that I did not reply to your telegram of June 22nd does not mean that it was ignored. On the contrary, I satisfied myself that your companies presented a real question for consideration, and have notified all Institute members that they are at liberty to continue consignments to your warehouse until that question is definitely settled.

I enclose a copy of the resolutions of May 2nd as adopted by the Institute. You are doubtless aware of the grave abuses which necessitated the passage of these resolutions and which call for their strict enforcement.

To take a case like your own, it has been shown by long experience that if a warehouse has refiner's sugar stored in its possession and if an affiliated company under the same roof buys and draws on those stocks from time to time there is the widest opportunity for collusion to the detriment of the refiner. Carelessness in reporting stocks and withdrawals always seems to work in different directions according as the market advances or declines, while the 24-hour limit almost always granted by refiners in case of an advance affords ample time to catch up on withdrawals in case the market has taken an unexpected turn.

In all matters of this kind refiners must conduct their business in accordance with their average business experience, and the fact that some honest merchants may suffer inconvenience cannot be weighed against the necessity for rules based upon the accumulated experience of the practical workings of a certain set of conditions.

In spite of the fact that your situation appeared to present the ordinary case of a "customer's warehouse", I realized that the precise question you raised had not been given the careful consideration which it deserved, and we have therefore taken it under advisement. That question is whether the abuses sought to be reached by the Institute's condemnation of storage in customers' warehouses are equally applicable when the customer, who is an affiliated company with the warehouse company, stops buying direct from refiners, although
2425 qualified to do so, and buys sugar only from the jobbing trade.

In order to assist us in a determination of this question, will you kindly advise us from what jobbers the Bridgeman-Russell Company has been recently purchasing sugar and whether that com-

pany has ever had sugars delivered from any other warehouse than that of the Bridgeman-Russell Company warehouse. I should like this information by wire if possible.

For your information I quote the following from one of our members in a letter addressed to the Committee having charge of this matter. The refiner writing this letter does not do business in your territory.

"Referring to the discussion at the meeting yesterday, I wish to express my views as to the proposed differentiation between '*users*' of sugar and 'buyers' of sugar, as applied to the Institute's resolution of May 2nd.

"If this distinction is sustained it will open the way of every customer-owned warehouse in consignment points to evade the spirit of the resolution of May 2nd. By the simple expedient of buying through a 'dummy', the customer can claim that he is buying through a jobber instead of 'direct' from refiners and in this way obtain a consignment to his own warehouse with all its attendant advantages.

"The particular case submitted to the meeting yesterday may be perfectly legitimate, but, even if injustice is done in some cases, certainly it has been the Institute's experience that we must create and enforce regulations which prevent the spreading of discriminations which become exceedingly difficult to handle after 'vested interests' are created."

Any comment you may wish to make on the above, as well as any facts pertinent to your own situation, will receive careful consideration.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

2426 *Government Exhibit 314-B*

[Copy]

In reply refer to W-54.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 6, 1929.

BRIDGEMAN-RUSSELL COMPANY,
Duluth, Minnesota.

GENTLEMEN: Referring to our recent correspondence in regard to the status of your warehouse under the Institute Resolution of May second, at a recent meeting of the Enforcement Committee it was decided that although the fact that your Company buys sugar from jobbers instead of direct from the refiners was in itself not open to unfair practices, nevertheless, should a ruling be made making it

permissible to store in warehouses owned by firms which purchase their sugar only from jobbers, such a ruling would leave the door open for a host of methods whereby the aims of the Resolution of May second could be evaded. The Enforcement Committee therefore felt that it was necessary to exclude from the Institute classification of public and independent warehouses any warehouse in whose business any buyer of sugar is in any way interested regardless of from whom the sugar was bought.

We regret that this decision should militate against your Company, but we hope that you realize that in making a ruling calculated to eliminate abuses from the marketing of sugar it is necessary to draw sharp lines even though such apparently arbitrary distinctions may work a hardship in the individual cases.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

2427 *Government Exhibit 314–C*

DULUTH, MINN., *October 19, 1929.*

Mr. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute,
129 Front Street, New York, N. Y.

DEAR SIR: It is our understanding your Institute in its recent rulings pertaining to the storage of sugar in our warehouse results in practically "blacklisting" us for no apparent violation on our part of any ethics, or methods, or handling of our storage business, and we stand to lose a considerable revenue, a valuable tenant, all of which would be of much damage to our business, and this seems to be entirely contrary to fair practice on your part and certainly does not appear to us would be justified by any court of fair-minded individuals.

We are very anxious to continue the storage business, willing to fit into any regulations that we can operate under, such as giving a bond, handling our storage business as a separate corporation, even going far enough to switch to the use of invert sugar for our own use. We understand you have notified refiners not to store with us and we request cancellation of such notice for a period of two or three weeks at least to give us an audience, to go into this matter further.

Will you please wire answer, collect.

Yours truly,

BRIDGEMAN-RUSSELL COMPANY,
Vice Pres. & Gen. Mgr.

2428 *Government Exhibit 314–D*

[Telegram]

NEW YORK, N. Y., *Oct. 21, 1929.*

BRIDGEMAN-RUSSELL CO.,
Duluth, Minn.:

Replying to your letter of the nineteenth, Institute ruling covering matter in question reads, quote no sugar shall be stored in the warehouse of any buyer or user of sugar stop. The term buyer being defined as one who purchases sugar for merchandising or manufacturing purposes unquote. We are not in position to suspend or cancel the rule as you suggest though the matter may be brought up for further consideration upon material evidence that you have arranged to comply with the letter and spirit of the resolution.

THE SUGAR INSTITUTE.

2429 *Government Exhibit 314–E*

NEW YORK, N. Y., *October 28, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: Referring to our conversation this morning, regarding your ruling that refiners could no longer consider our Duluth warehouse a proper place to store sugar accounts, our Company being a user of sugar in the manufacture of ice cream.

As explained this action on your part will deprive our Company of considerable gross revenue through the necessity of the C. D. Robinson Company, of St. Paul, Minnesota, transferring their business elsewhere.

Our Company operates nineteen plants in the northwest, manufacturing Creamery Butter and Ice Cream, packing eggs and poultry, bottling milk and cream, and do a dry- and cold-storage business.

Where we freeze ice cream we buy sugar, and in each location except Duluth purchases of sugar are made from wholesale grocers in the cities where plants are located, but at Duluth we have been buying from brokers, car lots or from C. D. Robinson, and during the past year have confined buying in Duluth to the Robinson Company.

We have a modern building ideally situated, good trucking service, and well equipped to serve the refiners or their customers, and we know the Robinson Company will continue to do business through our warehouse unless the rulings of your Institute make it impossible for refiners to store with us.

Conversation and correspondence indicate our company has committed no offenses nor violated the ethics of your Institute except to use your product in the manufacture of ice cream and our visit of this morning was for the purpose of asking reconsideration of our
2430 status or for suggestions of what we could do to stay in your

good graces and have you withdraw your order to refiners which "blacklists" our company and facilities.

We will do anything within reason to keep our sugar storage business.

We offer for your consideration:

That we post a satisfactory Bond to comply with your views covering our purchase or use of sugar; or that we agree to purchase our sugar requirements from other than those who store in our warehouse, or to buy from wholesale houses in Duluth, or we will stop the use of granulated and agree only to use "Invert" sugar, a commodity which can certainly be policed by your Institute, as no one in our vicinity is a user of "invert"—or if we made use of cerelose and honey in place of sugar would that take us out of the class that conflicts with your ruling?

We are in the process of forming a separate corporation to handle our dry- and cold-storage departments. It will have a separate name and different officers than the Bridgeman-Russell Co., and will pay a monthly rental to us, but the new Company's earnings, if any, will not go to the Bridgeman-Russell Co., but direct to the shareholders of the separate Company. The new Company will neither buy or use sugars of any kind. It would seem that would take care of the troubles, but we need just a little time to get this arrangement perfected.

Gentlemen, we are pleading for your further consideration, if your present order to refiners stands we will lose our sugar storage, and Robinson Company will transfer their account to some other warehouse, and you know how hard it is to get an account back once they leave.

In justice to us please cancel your present instructions to refiners about not storing in our warehouse and reconsider this matter, and let us change our operations either in line with some of our suggestions or some that you would be satisfied with.

Thanking you for the time granted me this morning, we are,

Respectfully,

BRIDGEMAN-RUSSELL COMPANY,
Vice President.

(F. G. Taylor files.)

2431 *Government Exhibit 314–F*

[Western Union]

NEW YORK, N. Y., *Oct. 31, 1929—4 P. M.*

B. M. RUSE,
Vice President Bridgeman-Russell Company,
Duluth, Minn.:

The objection that has been registered by the Institute against your warehouse was withdrawn by action of the Executive Committee today as an exception to the rule governing such matters and under

the following condition stop. You are not to purchase sugar from any refiner nor from any concern storing sugars in your warehouse. We trust this will meet your satisfaction in the matter.

THE SUGAR INSTITUTE.

2432 *Government Exhibit 314-G*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 31, 1929.

To all Members of the Sugar Institute:

Re: *Bridgeman-Russell Company*

GENTLEMEN: Objections to the Bridgeman-Russell Company warehouse at Duluth, were withdrawn today by formal action of the Executive Committee.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

2433 *Government Exhibit 314-H*

[Western Union]

CHICAGO, ILL., *November 1, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.:

Your wire to Duluth relayed here, and we are most appreciative of interest you have taken in presenting this matter of refiners storing in our Duluth warehouse to your committee, and will gladly comply with your suggestions as to further purchases of sugar. Stop. Assume you have notified refiners withdrawing previous embargo as to storing in our Duluth house.

BRIDGEMAN-RUSSELL CO.

2434 *Government Exhibit 314-I*

CHICAGO, ILL., *November 2, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: I don't know when we have received a telegram which gave us any more pleasure than yours of October 31st advising the objections registered by the Institute against the use of our Duluth warehouse were withdrawn by your Executive Committee, subject to one provision of our not purchasing sugar from any refiner or any concern storing in such warehouse.

We deeply appreciate the interest you have taken in this matter and the results you have obtained for us, and we assure you we will not purchase any sugar direct or through any brokers representing any refiners storing in our Duluth warehouse or make any purchases

through any person or company doing any sugar business in our place of business.

We are willing to go further and give you a bond to that effect, or we will be glad to furnish you with copies of invoices from now on showing where we do purchase what little sugar we use. In fact, we are agreeable to doing anything you suggest which would satisfy your Conference Committee.

Again thanking you for the time given me when in New York and your handling of this matter, we remain,

Yours very truly,

BRIDGEMAN-RUSSELL CO.,
Vice Pres. & Gen. Mgr.

(F. G. Taylor files.)

2435 *Government Exhibit 314–J*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 4th, 1929.

Mr. B. M. RUSE,
Bridgeman-Russell Co.,
1412 Chicago Mercantile Exchange Bldg., Chicago, Ill.

DEAR SIR: For your information we attach copy of Sugar Institute circular indicating to its members that objections to your warehouse at Duluth were withdrawn by the Executive Committee on October 31st, 1929.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

2436 *Government Exhibit 315*

GODCHAUX SUGARS, INC
10TH FLOOR MASONIC TEMPLE BLDG.,
New Orleans, September 19, 1930.

WORTZ BISCUIT CO.,
Fort Smith, Ark.

DEAR MR. WORTZ: My first thought is to express to you my appreciation for the courtesy extended me when I called on you while in Fort Smith. It has always been our endeavor to have the most satisfactory relations possible with all of our trade, and it is quite a pleasure on our part to be able to book you with a car of sugar at the $4.35 basis, and to also arrange for our storage in the warehouse owned by you and your father.

For your confidential information the other warehouse wrote us today, and said they thought they were the only exclusive warehouseman in the city of Fort Smith, and I had the pleasure of informing them that they were all wet. They commented on the fact that you were not a legitimate warehouse, and I had the opportunity of assuring them that in our opinion you were, and that we were going to store our sugars there.

Yours very truly,

GODCHAUX SUGARS, INC.,
S. H. PAILET.

2437 *Government Exhibit 315–A*

OCTOBER 23, 1930.

GODCHAUX SUGAR COMPANY,
New Orleans, Louisiana.

GENTLEMEN: We have been informed by your local broker that the Wortz Storage Company has lost the storage of Godchaux Sugar here in Fort Smith.

We are certainly sorry to have this information. We do not know why the Sugar Institute is so biased in their rules when they will allow one storage company here in town, working under the same conditions that we exist to handle sugar and then oppose us.

We believe that some real, honest-to-goodness fighting on your part will produce the necessary results to get another storage in Fort Smith, thereby creating a little competition that would be helpful to everybody concerned.

We would be willing to do everything we could in this fight but, being a small company, are handicapped. But you people are, in size, large enough to cope with the opposition we have.

We will be glad to hear from you in this regard.

Yours very truly,

WORTZ STORAGE COMPANY.

2438 *Government Exhibit 315–B*

GODCHAUX SUGARS, INC.,
10th Floor Masonic Temple Bldg., New Orleans, Oct. 30, 1930.

WORTZ STORAGE CO.,
Ft. Smith, Ark.

DEAR MR. WORTZ: Your letter of the 23rd has been received by us and we want to assure you that we have not definitely given up the thought of continuing consignments with you.

We have been *forced* for the time being to move out of your warehouse, but we honestly believe that you are entitled to consideration, and we most assuredly are going to endeavor to have you reinstated.

We hope to be able to give you some information on this matter within a short period of time.

Your very truly,

GODCHAUX SUGARS, INC.,
SIMON PAILET.

2439 *Government Exhibit 315–C*

NOVEMBER 1, 1930.

GODCHAUX SUGARS, INC.,
10th Floor Masonic Temple Bldg.,
New Orleans, Louisiana.
(Attention Mr. S. H. Pailet.)

DEAR SIR: Many thanks for your kind letter of October 30th advising us that you are going to continue to fight in favor of the Wortz Storage Company, that you can store sugar with us in the future as you have done in the past.

We want to be of every assistance possible to you in this fight. If you will just tell us what we can do to the best advantage, we will be more than glad to follow your instructions.

Awaiting further word from you, we are,
Yours very truly,

WORTZ STORAGE COMPANY.

2440 *Government Exhibit 315–D*

APRIL 10, 1931.

GODCHAUX SUGAR COMPANY,
New Orleans, Louisiana.

GENTLEMEN: We note with a great deal of interest that the Sugar Institute is coming into its own troubles through the Attorney General's office of the United States.

We just wondered if it would not be a good time to tell the Department of Justice how the Institute has acted about the Wortz Storage Company. Do you suppose this would get us anywhere, or what are your ideas in the matter?

Thanking you to let us have your ideas, we are,
Yours truly,

WORTZ BISCUIT COMPANY.

2441 *Government Exhibit 315–E*

GODCHAUX SUGARS, INC.,
10TH FLOOR MASONIC TEMPLE BLDG.,
New Orleans, April 13, 1931.

WORTZ BISCUIT CO.,
Fort Smith, Ark.

GENTLEMEN: Your letter of the 10th received. We are enclosing herewith copies of statement issued by Mr. J. H. Post, President of the Sugar Institute, and by Mr. Cummings, Counsel of the Institute.

Yours very truly,

GODCHAUX SUGARS, INC.,
J. A. BERTONIERE.

2442 *Government Exhibit 315–F*

APRIL 15, 1931.

GODCHAUX SUGARS, INC.,
10th Floor Masonic Temple, Bldg.,
New Orleans, Louisiana.

GENTLEMEN: We thank you very much for your noncommittal letter of April 13th.

It looks like the Sugar Institute have you folks where they want you, and you are afraid to even make any suggestions.

While the information you sent is interesting, nevertheless with your knowledge of our peculiar case here in Fort Smith, we feel it would warrant more of a suggestion than you have made in your letter at this time.

Yours very truly,

WORTZ BISCUIT COMPANY.

2443 *Government Exhibit 315–G*

GODCHAUX SUGARS, INC.,
10TH FLOOR, MASONIC TEMPLE BLDG.,
New Orleans, April 17, 1931.

WORTZ BISCUIT COMPANY,
Corner S. Fifth Street and Parker Avenue,
Fort Smith, Arkansas.

GENTLEMEN: I hasten to acknowledge receipt of your letter of the 15th inst., in which you acknowledge receipt of our noncommital letter of April 13, 1931.

Your remarks as to the letter are perfectly correct, and I am quite sure when you consider that we have been brought before the Court in regard to the investigation of the Institute, we can do nothing else but be as noncommital, as we have no right to be otherwise. The case has not yet come up for trial, and it will probably be several weeks before it does. When it does come up before the Court, and they have outlined their line of action, they will probably call for witnesses, evidence, etc., and then you may want to consider the matter as outlined in your previous letter.

The Institute feels, of course, it has done nothing contrary to law, and their attorney so interprets same, and I am quite sure that the final decision of the Court will maintain their position.

With kindest regards, I remain,

Very truly yours,

GODCHAUX SUGARS, INC.,
J. A. BERTONIERE.

Memorandum of Proceedings of Meeting of Water Carriers—March 7th, 1930

Present: (Sugar Institute, Inc.:) Mr. F. G. Taylor, Mr. W. W. Patterson.

(Refiners): Mr. J. L. Carling, of Arbuckle Brothers; Mr. J. F. Harahan, of Colonial Sugars Co.; Mr. V. K. Raymond, of National Sugar Ref. Co.; Mr. Paul M. Ripley, of American Sugar Ref. Co.; Mr. Angus, of Pennsylvania Sugar Co.; Mr. DeLacey, of W. J. McCahan Sugar Ref. & Mol. Co.; Mr. F. H. Cameron, of Revere Sugar Refinery; Mr. N. Kirschbaum, of Spreckels Sugar Corp'n.

(Carriers): Mr. J. T. Morse, of Munson Line; Mr. C. W. Barrett, of Munson Line; Mr. W. B. Riddle, of Gt. Lakes Transit Co.; Mr. J. H. Muller, of Transmarine; Mr. Sullivan, of D. Sullivan Co., Chicago; Mr. C. H. Tregenza, Seaboard-Gt. Lakes Transit; Mr. A. R. Sheff, Traffic Mgr., Minnesota-Atlantic Transit; Mr. G. P. Russell, of Minnesota-Atlantic Transit; Mr. W. A. Powers, of Minnesota-Atlantic Transit; Mr. S. W. Pierce, of Hedger Transportation Co.; Mr. J. A. Urquhart, of Erie & St. Lawrence; Mr. H. G. Williams, of Federal Motor Shipping Cor.; Mr. L. L. Richards, Inter-freight Corporation; Mr. G. A. Fagin, of American Transit Corp'n.; Mr. L. W. Lake, of Dispatch Shipping Co.; Mr. Robert Oliver, Buffalo Barge Towing Corp'n.

Mr. Taylor opened the meeting by making a brief statement of the purposes for which the Institute was organized, and introduced Mr. Patterson, who made a general statement as to the importance of differential and water routes in the distribution of sugar. Mr. Patterson stated that representatives of canal or lake lines which had heretofore transported sugar on the New York Barge Canal or on the Great Lakes, had been invited to attend this meeting to discuss with the refiners, as individuals, some plan which would be of mutual benefit to all concerned.

Mr. Patterson then called on Mr. Ripley to state the position of the American Sugar Refining Company. Mr. Ripley re-
2445 sponded briefly that his company wanted each water line to set forth, either in the form of a tariff, a charter party, or a letter, the freight rate currently being charged from and to each port, the minimum quantity to be handled in connection with each of the freight rates quoted, the amount of insurance included in the rate, the docks where deliveries would be made at destinations, and all loading allowances; to give clean bills of lading at the point of origin, and to agree that joint check of the cargo at destination should govern in the settlement of all claims for loss or damage. The tariff, charter party, or letter, should also provide specifically whether the rate quoted included any allowance for loading railroad

cars or trucks at destination, whether switching or trucking charges are to be absorbed, and if so to what extent, and, in case of transshipment from one line to another, how the transfer costs are to be taken care of.

Mr. Ripley further stated that he believed that, when each individual carrier had worked out all these terms and set them forth as stated above, it should present such tariff, charter party, or letter to the individual refiners with whom it desired to negotiate, and that the refiners should file the information with the Sugar Institute. The water carrier would, of course, be free at any time to change the rates or any of the terms or conditions set forth, but upon doing so the changes should be filed with the individual refiner who would in turn file same with the Institute. This would mean that transportation would be only on rates openly and publicly announced.

Mr. Ripley also stated that his company would require an understanding that no rebate, direct or indirect, of any of the freight charges, would be made to a forwarder, receiver, broker, or any other person or firm, directly or indirectly connected with the transaction.

2446 Mr. Patterson thereupon requested Mr. Carling, of Arbuckle; Mr. DeLacey, of McCahan; Mr. Angus, of Pennsylvania; and Mr. Kirschbaum, of Spreckels, to express their views, and each stated that he believed the course outlined by Mr. Ripley was in accordance with the views of the refiner he represented. Mr. Raymond, representing National, stated that he agreed with Mr. Ripley and went on to point out the advantages of publicly announced rates and terms.

Mr. Patterson then called upon the representatives of the transportation companies to discuss the suggestions made. Mr. Muller, representing the Trans-Marine Corporation, asked what assurance could be given the carriers as to volume if they would openly announce rates and terms, and also what assurance they would have as to the support of the Sugar Institute. In answer to the first question Mr. Patterson stated that it was not the concern of the Sugar Institute to place tonnage over any transportation line. In answer to the second question, however, Mr. Patterson read the following resolution recently adopted by the Sugar Institute:

"*Resolved*, That the Institute recommends to its members that they refrain from the employment of water transportation companies which do not publicly announce rates, terms, and conditions under which they transport sugars; and further

"*Resolved*, That the Institute recommends to its members that they cease to employ any water transportation company, which, after openly announcing rates, terms, and conditions, performs any additional service beyond that provided for in its announcement or makes any rebate of any kind or character whatsoever, or otherwise fails to abide by the provisions of its open announcement, without immediately changing its open announcement."

Mr. Muller then asked definite advice as to what volume could be expected during the 1930 campaign, to which Mr. Patterson replied that movement of sugars by water routes during 1929 had materially increased over that of 1928, but that, as previously stated, the
2447 Institute did not interest itself in the placing of tonnage. He pointed out, however, that secret rebating had the effect of reducing movement via water lines rather than increasing it.

Mr. Riddle, of the Great Lakes Transit Corporation, stated that it was the view of his company's counsel that the Shipping Board required the filing of maximum tariffs, and that once they established a rate less than the maximum shown in the tariff that rate was the lowest basis they could protect during the season of operation.

Mr. Sullivan, of D. Sullivan & Co., operators on the Great Lakes, disagreed with Mr. Riddle and stated that while they were required to file tariffs showing maximum rates, they quoted special contract rates which did not affect the maximum or minimum, and established no precedent as to what rate must be charged in the future.

A representative of each of the canal and lake operators then stated that he believed it would be to the benefit of all to file with the individual refiners a statement indicating rates and all terms in connection with sugar handling on the Canal or Great Lakes.

2448 *Government Exhibit 317*

[Buyer's copy]

Contract for Sugar

The National Sugar Refining Co., Seller, of New Jersey, 129 Front Street, New York (Feb. 24, 1927), with J. Hungerford Smith Co., Buyer, Rochester, N. Y.

Terms: Cash, less 2% in 7 days unless otherwise indicated as hereinafter specified. 340 bbls., or equivalent of sugar at basis price fine granulated 6.00 cents per pound f. o. b. N. Y.

Delivery under this contract to be made within 30 days from the date hereof unless time for delivery be extended as stated below.

2449 *Government Exhibit 317-A*

[Buyer's copy]

Contract for Sugar

The National Sugar Refining Co., seller, of New Jersey, 129 Front Street, New York (2/24/27), with J. Hungerford Smith, buyer, Rochester, N. Y.

Terms: Cash, less 2% in 7 days unless otherwise indicated as hereinafter specified. 700 bbls. or equivalent of sugar at basis price fine granulated, 6.00 cents per pound f. o. b. N. Y.

Delivery under this contract to be made within 30 days from the date hereof unless time for delivery be extended as stated below.

2450 *Government Exhibit 317–B*

[Buyer's copy]

Contract for Sugar

Broker's no. 762.

The National Sugar Refining Co., seller, of New Jersey, 129 Front Street, New York, with J. Hungerford Smith Co., buyer, Rochester, N. Y.

Terms: Cash, less 2% in 7 days unless otherwise indicated as hereinafter specified. 170 bbls. or equivalent of sugar at basis price fine granulated, 5.90 cents per pound f. o. b. N. Y.

Delivery under this contract to be made within 30 days from the date hereof unless time for delivery be extended as stated below.

2451 *Government Exhibit 317–C*

[Buyer's copy]

Contract for Sugar

The National Sugar Refining Co., seller, of New Jersey, 129 Front Street, New York, N. Y., Nov. 11/27, with J. Hungerford Smith Co., buyer, Rochester, N. Y.

Terms: Cash, less 2% in 7 days unless otherwise indicated as hereinafter specified. 115 bbls. or equivalent of sugar at basis price fine granulated, 5.65 cents per pound f. o. b. New York, N. Y.

Delivery under this contract to be made within 30 days from the date hereof unless time for delivery be extended as stated below.

2452 *Government Exhibit 318*

DECEMBER 9, 1926.

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front St., New York City.

(Attention: Mr. Bruyn.)

GENTLEMEN: We have your very courteous letter of December 6th. Of course, Mr. Bruyn is aware by this time that one additional car at the price of 6.25 has been added to the list. We purchased this under very strong advice from Mr. Bechtold, and hope that we will not find a lower price in force when we are ready to use it up; about eight or ten weeks hence, perhaps.

Yours very truly,

J. HUNGERFORD SMITH CO.,
Purchasing Agent.

2453 *Government Exhibit 318–A*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York City, Dec. 6, 1926.

J. HUNGERFORD SMITH CO.,
Rochester, N. Y.

GENTLEMEN: We are in receipt of your letter of Dec. 2 in reply to ours regarding the shipment of sugars due you on contract.

We appreciate your attitude but want you to understand it is our desire to satisfy you in every way and make it as easy as possible for you to handle these sugars. Of course, at this time of year our business drops off, and in order to keep the refineries going it is necessary to force buyers to take the sugars due them on contract.

We will agree to the schedule contained in your letter, and if later on you find it is not working out to your entire satisfaction, please don't hesitate to take the matter up with us again, and we will see what can be done to make it so.

Yours very truly,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
CHAS. D. BRUYN.

2454 *Government Exhibit 318–B*

DECEMBER 2, 1926.

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front St., New York City.

GENTLEMEN: We have Mr. Bruyn's letter of November 29th.

As we are getting a little low on sugar, Mr. Myers has just said that he would wire you regarding the two cars to be shipped on November 27th and the one on the 3rd, for which we have not as yet received invoices.

Our business is slacking up somewhat. However, it is rather an imposition to ask you to postpone shipments quite as long as we did in our letter of November 23rd, and suggest the following schedule as a modification of that schedule, on the assumption, of course, that the three cars referred to above have already been shipped: 1 car, December 6th; 1 car, December 8th; 1 car, December 11th; 1 car, December 13th; 1 car, December 15th; 1 car, December 18th; 1 car, December 20th; 1 car, December 21st; 1 car, December 27th; 1 car, December 28th.

We are suggesting the two cars on the 20th and 21st and on the 27th and 28th so as to have them get here on the 23rd, 24th, 30th, and 31st, respectively, before Christmas and New Year's holidays. This will extend the shipping period only a very few days beyond the 30 days allowed us under the agreement to purchase, and we hope will not be too much of an imposition on your good nature.

Yours very truly,

J. HUNGERFORD SMITH CO.,
Purchasing Agent.

2455 *Government Exhibit 318–C*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York City, Nov. 29, 1926.

J. HUNGERFORD SMITH CO.,
Rochester, N. Y.
(Att. Mr. R. H. Rogers.)

GENTLEMEN: We are in receipt of your letter of Nov. 23 in regard to balances due on various contracts you have with us, and we have noted the way you would like to have these sugars shipped. We wish to accommodate you in every way we possibly can but do feel that the time you have asked for is a little excessive. However, we will work along on shipments as you suggest until such time as we feel it necessary to increase shipments. We are very sure the matter can be worked out to your entire satisfaction and want you to know we greatly appreciate the business you have been favoring us with and wish to do everything we possibly can to make our relations mutually satisfactory.

Yours very truly,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
CHAS. D. BRUYN.

2456 *Government Exhibit 318–D*

NOVEMBER 23, 1926.

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front St., New York City.
(Attention: Mr. Charles Bruyn.)

GENTLEMEN: The following is the schedule of shipments, which we would like to suggest, of the sugar which we have on order with you, covered by our Contracts of: November 3rd, your No. 9083; November 17th, your No. 9365; November 17th, your No. 9341; November 18th, your No. 9472; November 19th, for which we have only our broker's Confirmation, which calls for 510 barrels at basis $5.85.

We are making this request directly of you as one of these cars was bought through Farr & Company, and feel that it would simplify matters not to put one order through Mr. Myers and the other order through Farr & Company.

If by any chance you feel the necessity of cleaning up this sugar in advance of the dates suggested, we do not wish to ask so long an extension of time. We would not, for anything, have you feel that we are imposing upon your good nature.

2 cars, November 27th; 1 car, December 3rd; 1 car, December 6th; 2 cars, December 16th; 2 cars, December 24th; 2 cars, January 5th; 3 cars, January 13th.

Very truly yours,

J. HUNGERFORD SMITH CO.,
Purchasing Agent.

2457 *Government Exhibit 319.*

L. C. WATKINS,
B. R. & P. Warehouse, King & Maple Sts.,
Rochester, N. Y., July 22nd, 1927.

J. HUNGERFORD SMITH COMPANY,
410 N. Goodman Street, Rochester, New York.
(Attention Mr. Rochester H. Rogers.)

GENTLEMEN: This will confirm our conversation with Mr. Kent wherein we advised that the three cars which you ordered on the 13th, when the market was $6.10, will be placed at $5.80. Two refiners have already definitely stated that they will advance to 5.90 on Monday, and it is expected that all refiners will be at that level when the market closes for that day.

As advised you, we have a confidential rate of 16¢ on these three cars. The regular canal rate is 18¢ and the rail rate 28½¢. By having our barges come to the Chili Avenue Terminal we effect a further saving to you of $10.80 per car. For your information we give the charges for switching from the State Terminal as against Chili Terminal:

State		Chili	
Lehigh----	$6.30	B. R. & P--	$6.30
Erie------	4.50	N. Y. C----	8.10
Pennsy ---	6.30		14.40 per car
N. Y. C----	8.10		
	25.20 per car		

Monday should be an interesting day in the market. If the refiners secure a goodly volume they will try a six cent move, but if refined moves "jes' so" there will not be much of an advance. And while raws are at 4.52/4.55 there will not be much of a swing either way.

May we thank you again for these three cars. Our job is to get sugars to you as cheaply as possible, both in price and freight rates, and the splendid cooperation you and your office have given us makes us more than ever eager to do our job right.

2458 We are, with best wishes,
Yours very truly,

L. C. WATKINS.

2459 *Government Exhibit 320*

2459 [Copy]

FEBRUARY 4, 1930.

Mr. HARRY SMITH,
c/o The National Sugar Refining Co. of N. J.,
129 Front St., New York City.

MY DEAR MR. SMITH: I was sorry not to be able to locate you at the Canners' Convention, although many of our mutual friends assured me that you were there. I assume you were unable to stop in

Rochester on your way back as you expected—possibly because you may have wished to attend Mr. Roach's wedding.

I am anxious to find out what is going to be done this Spring in regard to shipments by canal. I understand that it is an unwritten rule that price must never be mentioned at Institute meetings, but that the deals are fixed up after the members have slipped around the corner. For the same reason I assume you would prefer to answer my question personally or by telephone.

Sincerely yours,

———— ————,
Purchasing Agent.

2460 [Copy]

FEBRUARY 4, 1930.

Mr. JOSEPH W. MOONEY,
c/o American Sugar Refining Co.,
117 Wall St., New York City.

MY DEAR MR. MOONEY: You remember that when you were up here some months ago, I let off a little steam about the injustice of the Institute's ruling that forced us to pay the carload rate of freight on canal shipments. I told you then that I was going to see what could be done to correct the evil, but on your statement that there were so many soreheads that the situation would be corrected before next Spring rolled around, I did not go very far in getting together some of the local buyers, as suggested by the Chamber of Commerce Traffic Expert, to stir up a rumpus. I hate to think you were handing out a little blarney, but the best way to prove you were not is to let me know that something has been done to correct the condition. You realize just as I do that as long as you are all in on the deal, it isn't going to do us any good to threaten to take away your business because we have to deal with one of your fourteen partners in any case, but I think I can safely say that if you will be as active in leading a revolt against this ruling as you were in getting it adopted, we can with propriety give you more business than we have in the past, assuming always, of course, that your price is in line.

Yours very truly,

RHR:MHG

———— ————,
Purchasing Agent.

2461 [Copy]

MARCH 15, 1930.

Mr. R. H. ROGERS,
Purchasing Agent, J. Hungerford Smith Co.,
Rochester, New York.

DEAR MR. ROGERS: I sincerely trust that I may have your indulgence for the delay in acknowledging receipt of and replying to your letter of February 4th. I have been away on several occasions and

the whole sugar situation has been so disturbed that it has seemed inadvisable to make any change in the situation, and under the circumstances I have not been in a position to tell you anything more definite than I did some time ago when I had the pleasure of visiting with you.

I am sure you were only joking when you referred to my passing you a little blarney. The situation under discussion is a serious one, and I would not, under any circumstances, handle it in a light vein.

Please rest assured that this whole matter is being given our most earnest consideration and just as soon as I have something definite to tell you I will communicate with you. Meantime, I want you to know that we appreciate your position and that it is our desire to do everything possible to maintain your confidence and render you a service that will merit an increase in your business.

With kindest regards,

Sincerely yours,

(Signed) J. W. MOONEY,
Sales Manager, Eastern District.

2462 [Copy]

MARCH 20, 1930.

Mr. J. W. MOONEY,
% The American Sugar Refining Company,
117 Wall St., New York City.

MY DEAR MR. MOONEY: I have just received your letter of March 15th, 1930, and hasten to assure you that you owe me no apology for not acknowledging my letter of February 4th.

I realize fully that when you told me last Summer that you believed the rate-fixing arrangement would be abandoned long before the Spring rolled around, you meant exactly what you said. At any rate, you made no promise that it would be. However, I think you will admit that an opinion of that kind would tend to keep me from agitating the subject, so that when I found this Spring that the Institute's price-fixing policy was stronger than ever, it was natural that I should make you the target.

I wish you would tell me just what you mean by your statement that the whole matter is being given your most earnest consideration. When I was in New York the other day, I bought for the Company 10,000,000 pounds of sugar. If we could have bought it at the rail rate and brought it by Barge Canal, it would have saved our Company approximately $1,500.00.

On my way home from New York I stopped in Albany and had a chat with Mr. Hart, Mr. Ward's deputy, who argues all the
2463 rate cases. He told me that the State, as owner of the Barge Canal, had in a similar case applied for permission to become a party, but that the court had ruled against the Attorney General as the State lacked an interest. As you probably know, we have no standing before the Federal Court, as the sugar that we buy from

New York City is not a subject of Interstate Commerce. It appears, therefore, that about all I can do is talk, but what puzzles me is that there are not enough interstate buyers of sugar to secure action in the Federal Courts.

Whenever you are in Rochester, I hope you will not fail to drop in and see me. Toward you and everyone else connected with the sugar business, I can have only the kindliest feeling, and I hope you have the same toward me, and yould continue to have it even if I were in a position to force you to abandon your price-fixing policy. The question is purely a business one, and I am sure you will agree with me should not affect our pleasant personal relations.

Sincerely yours,

2464 *Government Exhibit 321*

GODCHAUX SUGARS, INC.,
P. O. Box 226, New Orleans, March 23, 1927.

Mr. J. C. Cox,
Treasurer, Wm. Wrigley, Jr., Company,
400 North Michigan Ave., Chicago, Illinois.

MY DEAR MR. COX: This will confirm sale made you yesterday of 18,000 one-hundred-pound bags Standard Reserve Granulated; to be shipped in burlap cotton-lined bags; at 5.85, less two percent, f. o. b., cash upon receipt of documents; shipments to be made by barge on the basis of one car per day, or 3,600 bags per week, beginning April 15, 1927; it being understood that as we load our barges once a week the entire six cars each week will go in one shipment, making a total of five shipments of 3,600 bags each.

Please be assured we greatly appreciate your having given us this order, and with kindest regards, remain,

Yours very truly,

GODCHAUX SUGARS, INC.,
CHARLES GODCHAUX, *President.*

2465 *Government Exhibit 322*

[Western Union]

NEW ORLEANS, LA., *Jun. 9, 1926—11:45 A.*

J. C. Cox,
William Wrigley, Jr., Co., 400 N. Mich. Ave., Chicago, Ill.:

Confirm phone offer to sell you seventeen thousand five hundred bags standard fine granulated five forty-five, f. o. b., less two for cash, upon delivery you our public-warehouse receipts with insurance policies attached. Said sugars be held free storage your account sixty days. Shipment rail or barge as you direct on return certificates. Please confirm and will forward documents immediately. This very low price only offered you as can use the cash.

For your information, these warehouse receipts accepted by banks here without hesitation. Regards.

CHARLES GODCHAUX, GODCHAUX SUGARS, INC.

12:22 p.

2466 *Government Exhibit 322–A*

Chicago, Ill., June 9, 1926.

GODCHAUX SUGARS, INC.,
Godchaux Building, New Orleans, La.:

We accept your offer, seventeen thousand five hundred bags standard fine granulated, five forty-five, less two percent provided warehouse loads cars free of expense to us.

WM. WRIGLEY, JR., COMPANY.

2467 *Government Exhibit 322–B*

JUNE 9, 1926.

GODCHAUX SUGARS, INC.,
Godchaux Bldg., New Orleans, La.

GENTLEMEN: Your telegram of even date offering 17,500 bags of fine standard granulated cane sugar at $5.45 less 2% with privilege of warehouse storage sixty days received, and we wired you as per copy attached.

The only point that was not clear in the telegram was whether or not there would be a charge for loading sugar from the warehouse to the cars, and we therefore accepted your offer subject to the loading charge from warehouse. In other words, we wish to buy the sugar F. O. B. cars New Orleans.

We presume this letter will cross yours enclosing documents, and in this connection would like to have the warehouse start shipping at once a car every other day of 600 bags, loading one car, however, with 700 bags in order to take up the full 17,500 bags in 29 cars. While we expect to start with a shipment every other day, a little later on we may have a car come every day, which will move all the sugar out of the warehouse before the sixty days free storage expires.

Yours truly,

WM. WRIGLEY, JR., COMPANY.
Treasurer.

2468 *Government Exhibit 322–C*

[Western Union]

NEW ORLEANS, LA., *June 9, 1926—3:01 p.*

J. C. COX,
William Wrigley Jr. Co., 400 N. Mich. Ave., Chicago, Ills.:

Wire received confirm sale. Warehouse will of course load cars or barge free expense you. Thanks.

GODCHAUX SUGARS, INC.

3:18 p.

2469 *Government Exhibit 324*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 30, 1929.

Mr. ODY LAMBORN,
132 Front Street, New York, N. Y.

DEAR MR. LAMBORN: In further reference to the request of our Executive Committee which I have discussed with you and which is indicated by the excerpt from our Executive Committee Minutes herewith, it seems important to add a few other items.

I explained to you that we had had very excellent cooperation at all times from the Armstrong people and that they had sold their sugars strictly in accordance with our Code Rulings on a price differential of 5¢. In recent weeks, however, they have met so much complaint from the trade that they had decided to change their sales policy and meet competition as they found it in each district. Realizing that such action on their part would add another disintegrating influence to our already difficult problems, I have urged Mr. Bass to "stand by" as he has done in the past and give us opportunity to adjust some of the competitive difficulties with which he is confronted. He expressed a complete willingness to do this upon condition that the Institute will secure the same character of cooperation from other sellers of imported white sugars as his company is giving. He is not, however, in a position to delay his decision as he is starting on a trip over his territory immediately for the purpose of establishing his sales policy for the coming crop in the various districts, and if he can have our *assurance of the cooperation to which I have referred*, he will continue his present policy.

You have already indicated your willingness to announce your prices to the Institute and I think it will not be our disposition to use these beyond the point of answering any inquiries that may be directed to us concerning them. You have also indicated your willingness to subscribe to the general open selling terms adopted by the Institute, and we feel that it is important that certain features of these terms should be understood in detail in order that we may intelligently answer any question that arises concerning your practices.

In the first place, we should like to know, as we have known in the instance of all of our own members at the time of their
2470 starting to follow Institute rules, whether you have any existing contracts taken at different prices or terms than the regular selling terms of the Sugar Institute, and if so, advise us of such contracts with prices, terms, and expiration dates.

Secondly, it is desirable that we should know *that*, beginning immediately, say December 2nd, your publicly announced price basis will be _____ less 2%, 7 days; *that* your truckage allowance will be _____¢ per bag in case buyer trucks sugar himself if you are in any case using such service; that no truckage allowance is to be given if sugars are sold to buyers outside of New York City and/or

Baltimore and/or other refining points; *that* in case of trucking sugars to buyers outside of New York same charges will be made by you as those established by Institute refiners.

We will also be interested *to know the* differentials which apply to any package sugars which you are offering.

Other considerations in reference to "*Terms*" *should be* understood as including subscription to the Institute's Code *Rulings*, especially as to storing sugars only in warehouses that are not affiliated with buyers or brokers, and discontinuing consignments to buyers' warehouses with such exceptions as are made in general practice of other refiners.

We would also like you to tell us *that you will quote sugars only on delivered price basis* to such points as are being generally sold on this basis. This latter is not an Institute matter but an item of importance to all parties concerned.

While we know that you have pledged yourselves to your association to conduct your business ethically and use no part of the brokerage paid to you to benefit buyers either directly or indirectly, we would appreciate your telling that to us specifically, and that you will in substance follow the ethics and practices of Institute refiners under the present *rulings* of the Institute *and as they may be changed* or initiated from time to time and made known to you, and finally that in case of any deviation from such practices you will promptly notify us to this effect.

If the details of this request appear onerous or too exacting, I urge that you consider the motive one of mutual advantage. We have many times been able to squelch rumors and pacify disgruntled complainants who were disturbed by suspicions, by being able
2471 to quote definite statements disputing the complaint made by the party who was complained against, and this is the reason for our request in this matter. It will put us in a position to intelligently answer almost any question or complaint that may arise, and will, I am sure, be appreciated by all members of the Institute.

Trusting that we may have your complete cooperation in this matter, and with kindest personal regards of the writer, we are

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2472 *Government Exhibit 324–A*

[Copy]

Memorandum

NOVEMBER 29TH, 1929.

To: Mr. O. D. Lamborn.
From: Fred G. Taylor, Sugar Institute, Inc.

Pursuant to our phone conversation of this hour, I quote from our Executive Committee Minutes of Nov. 21st the following:

"Open Price Announcements by Nonmembers: The Vice Secretary reported conversations had with Lowry and Lamborn in which he had asked whether or not they would be willing to sell their respective brands of foreign white sugar on openly announced prices. He stated that they had both expressed a willingness to cooperate in this matter if it was thought that it would be helpful to the general situation. The Executive Committee recommended that the Vice Secretary inform these brokers that the members of the Institute would consider it a construction and beneficial step in the matter if they would sell the sugars only on open prices publicly announced and *upon the open selling terms adopted by the Institute.*"

I would appreciate a note from you confirming our understanding in this matter that I may use in making formal report back to the Executive Committee.

(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

(Handwritten notation:) We will have to cover this. Ody.

2473 *Government Exhibit 324–B*

DECEMBER 4TH, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

(Attention Mr. Fred G. Taylor, Executive Vice Secretary.)

GENTLEMEN: Your letter of the 30th ultimo, addressed to our Mr. Ody Lamborn, has, as your Mr. Taylor knows, been given unusual consideration by the writer and our vice presidents, Messrs. Charles C. Riggs, Ody H. Lamborn, and George L. Wright. Mr. Ody Lamborn and the writer discussed the matter at great length with you on December 2nd, the very first opportunity possible for giving the matter consideration.

We mutually analyzed with you each clause of your letter, and in principle I feel sure you agree that we are in general sympathy with its purport. Later in this letter we will state to you definitely exactly what our attitude has been in the past relative to most of the features contained therein; but as the agents for Jose Arechabala, S. A., Cardenas, Cuba, who are our principals and who own the "Viscaya" brand of sugars, our contract with them, while granting us large liberty of action, however, places Jose Arechabala, S. A., as the court of final resort on any matters of prime importance. As a matter of fact, we are in cable communication with them at least daily, and frequently many times daily. In view of the very great confidence reposed in us by Jose Arechabala, S. A., and the long distance between the location of the two companies, we have felt an added responsibility in our duty toward them. Prior to our taking their account (which came to us unsolicited) such sugars as they sold in the United States were handled indifferently, irregularly, and by those handling them without true knowledge of conditions existing.

Since we have handled their sugars we have sent but one cargo into guaranteed territory via New Orleans and Mounds, Illinois. The writer did not know of this particular cargo, but since that time none of the Arechabala sugars have gone into guaranteed and barge territory.

Lamborn & Company, Inc., have never guaranteed the price of Arechabala sugars to any buyer other than in the above particular instance mentioned.

Lamborn & Company, Inc., have never consigned to any buyer's warehouse one pound of Arechabala sugars.

Lamborn & Company, Inc., have never used the Arechabala sugars as an instrument to secure cane sugar business from other brokers or for other refiner's brands of cane sugar. Most implicit
2474 instructions have been given by the writer to Mr. Ody Lamborn to this effect. In the natural course of business we have, perhaps, received business on cane sugar which otherwise we might not have received, but the above statement is one of absolute verity, regardless of the comments of our competitive brokers or any refiners to the contrary.

Lamborn & Company, Inc., have never deviated from refiners' terms—that is, less 2%—although, relative to the expiration dates of contracts, while we have frequently sold for either prompt shipment or shipment within one week or two weeks at times when refiners were permitting thirty-day contracts, we have made exceptions and sold on thirty-day contracts in which case, as with many of the refiners, the thirty-day terms were exceeded by the buyers, and we have permitted it in competition with the attitude of many of the refiners in this respect. However, since last Summer, when the refiners stated they would insist upon thirty-day terms, which as you know has not been strictly adhered to, we endeavored in every case to force their contracts, but in a number of cases have been unsuccessful.

Lamborn & Company, Inc., have no contracts whatever for long periods for special terms, and, as above stated, have never had a contract in guaranteed territory with any buyer, whether manufacturer, jobber, or chain store, nor have we ever had what you might term an irregular contract in any territory.

Lamborn & Company, Inc., have in every case adhered to the differentials which apply on package sugars, which the Institute refiners have made.

Lamborn & Company, Inc., have never stored a pound of Arechabala sugars in any except public warehouses, and by this we mean we have never stored a pound of sugar in so-called "brokers' warehouses", even where our own brokers owned the warehouse. We explained to you that we did send seven cars to the Larkin Terminal Warehouse at Buffalo, which had been considered a regulation warehouse for refining members of the Institute.

Lamborn & Company, Inc., have never sold at other than the delivered price basis in those markets which the *refining members of the Institute have publicly announced as delivered price markets.*

The paragraph which arouses in us a feeling of regret that it should be addressed to us is the one reading: "While we know that you have pledged yourselves to your Association to conduct your business ethically and to use no part of the brokerage paid to you to benefit buyers either directly or indirectly, we would appreciate your telling that to us specifically." If this were asked of us by the ordinary layman, we would tell him in such emphatic language "where he got off" that there would be a considerable intervening time before he would have the opportunity of repeating the question, but since
2475 it seems of importance to you that we place ourselves in writing, let me state to you that neither before the National Sugar Brokers Association was formed, some twenty-five or twenty-six years ago, nor subsequent to the formation of the Association, has anyone connected with the Lamborn interests directly or indirectly divided a commission or brokerage on sugar or its by-products, on stocks, bonds, commodities, real estate, insurance, or any other article of commerce. This statement is made without any subterfuge, equivocation, or mental reservation of any kind whatsoever, and we think that since your Institute has asked us to consider a pledge which you proposed, but which to our mind is absolutely worthless, and since your Mr. Fred G. Taylor has personally asked us to propose such a pledge as we thought would aid the sugar refiners who are members of the Institute, we believe that if you desire co-operation among the members of the Institute, that the sooner the Institute sees to it that they have this pledge, which we have proposed, signed by every broker who sells sugar for them and by every subbroker who sells sugar for the brokers whom the refiners recognize, the better it will be for all concerned.

When your Mr. Taylor, late last week, asked our Lamborn if we could advise him whether we had made sales at certain prices in certain markets, Mr. Ody Lamborn refused to answer until Mr. Taylor could come across the street and see us, which he promptly did. Mr. Lamborn's then reply was, "I will let you answer your own question by giving you access to our own records", and the writer confirmed this on the second instant by stating to Mr. Taylor that at any time, whether either the writer or Mr. Ody Lamborn were present, he (Mr. Taylor) or a representative whom he could trust, could come to our office and examine either our sales records or our accounting records on any specific complaint made. It is not conceivable to us that members of the Institute would grant us the same consideration if we asked it, whilst we gave this to your Mr. Taylor without the asking.

We know the character of the Arechabala interests so well and there is a feeling of such mutual confidence between our Corporation and theirs, that we are constrained to believe that although Jose Arechabala, S. A., are not members of the Sugar Institute, Inc., nor have they been asked to become members, in principle they will live up to the spirit and the fact of the Code of Ethics of the Sugar

Institute, Inc., and that the Institute can feel at all times that the interests representing Arechabala will at all times do everything consistently possible to conserve the interests of the Sugar Institute, Inc.

As we previously stated in this letter, there is an unusual confidence and cooperation between Jose Arechabala, S. A., and Lamborn & Company, Inc., but although we are their agents, they are the court of final resort. Therefore, we are sending them copies of all of the correspondence which we have had from the Sugar Institute, Inc., directly and from your Mr. Taylor personally on this matter, together with copy of this letter. We assure you in advance if there is anything further of a more specific nature that you need other than this letter, we shall be very pleased indeed to forward it to them for their final decision, and we will endeavor to recommend their acceptance of suggestions which emanate from you.

2476 Since you have seen fit to ask us leading questions pertaining to our business and that of the Corporation for which we are the agents, may we again stress to the members of your Institute the fact that we most sincerely believe that the very earliest moment they insist upon the strongest kind of a sworn pledge from those whom they appoint as sellers of their sugar, just that soon will a greater harmony prevail among the members of the Sugar Institute, Inc.

With cordial best wishes for the success, for the cooperation, and for the peace of mind of every member of your Institute, we remain,

Very sincerely yours,

LAMBORN & COMPANY, INC.,
President.

2477 *Government Exhibit 324–C*

DECEMBER 4, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Attention Mr. Fred G. Taylor, Executive Vice Secretary.)

GENTLEMEN: I forgot to add in our letter of today that where we have used the canal on Arechabala sugars, which we did in shipping a moderate quantity of sugar to Buffalo and Cleveland, we, Lamborn & Company, Inc., did not make one penny out of the transportation and furthermore, we sold these sugars on canal shipments on prepaid rate named by refiners on rail or rail and lake shipments, so that José Arechabala, S. A. got every profit by shipping by canal.

Very sincerely yours,

LAMBORN & COMPANY, INC.,
President.

2478 *Government Exhibit 325*

LAMBORN & COMPANY, INC.,
132 Front Street, corner Pine, New York, January 14th, 1930.
THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.
(Attention Mr. Fred G. Taylor, Executive Vice Secretary.)

GENTLEMEN: On December 4th, 1929, in response to your written request of November 30th, 1929, we wrote you giving clean-cut and definite information as to the terms upon which we have sold *Vizcaya* sugar as agents for José Arechabala, S. A. ; Our letter set forth clearly the fact that we have at all times, in the sale of Vizcaya sugar, adhered to the Sugar Institute's Code of Ethics, together with such supplementary rulings and interpretations as have been issued from time to time. We stated our position without any equivocation or reservation whatsoever, and we think that our record in this connection stands clear for anyone who cares to read.

On December 16th, you issued a memorandum to the members of the Sugar Institute quoting a statement released to the sugar trade press on December 13th. The third paragraph of this statement reads as follows:

"During the past year, however, a great deal of confusion has arisen in the industry by reason of the fact that some brokers who sold sugars for members of the Institute also handled the products of foreign manufacturers of white sugar who were not members of the Institute and who have failed in many instances to adhere to its Code of Ethics. While no attempt will be made to prevent brokers from dealing in foreign sugar, *the members of the Institute will hereafter employ only brokers who adhere strictly to the fair trade practices laid down in the Code in respect of all refined cane sugar that they sell, including imported white sugar.*"[1]

The foregoing excerpt from your statement is written in simple terms that anyone can understand. It clearly states that the members of the Sugar Institute, on and after December 13th, will employ only brokers who adhere strictly to the fair trade practices laid down in the Code of Ethics with respect not only to the refined cane sugar that they might sell but also *imported white sugar.*

On January 7th, 1930, a buying move in sugar took place in this country which involved selling both refiners' sugar and im-
2479 ported white sugar. We understand that on that move of January 7th, *H. H. Pike & Company, Inc.*, through their sub-brokers at Louisville, Ky., sold upwards of 5,000 Bags of Hershey sugar in the Louisville market at a basis of 5 cents, although their openly quoted price was 5.10 cents. We further understand that H. H. Pike & Company, prior to this move, informed you that they had a certain quantity of frozen stocks in Louisville which it would be necessary for them to sell at a concession in price. However, we have learned, and if necessary can furnish you with definite proof,

[1] Italics represent underscoring in the original document, and were not supplied by counsel.

that either all or a portion of the Hershey sugars which Pike sold in the Louisville market on January 7th was confirmed on the prepaid barge rate of 0.459, *although all members of the Sugar Institute individually announced, on December 14th, that Louisville had been placed upon a delivered price basis and that the prevailing prepaid rate would be 0.526.*

In your letter to us of November 30th you incorporated the following paragraph:

"We would also like you to tell us that you will quote sugars only on delivered price basis to such points as are being generally sold on this basis. This letter is not an Institute matter, but an item of importance to all parties concerned."

In our response of December 4th we made the following definite reply:

"Lamborn & Company, Inc., have never sold at other than the delivered price basis in those markets which the refining members of the Institute have publicly announced as delivered-price markets."

We assume that on or about November 30th, 1929, you forwarded to H. H. Pike & Company, Inc., a questionnaire similar to that sent us. *We further assume that H. H. Pike & Company, with reference to delivered-price markets, indicated to you that they would adhere to the delivered-price basis in the markets where refiners generally sold on such a basis.* If our assumption in either instance is incorrect, we would appreciate your so advising us.

Taking the foregoing facts into consideration, it would appear to us the H. H. Pike & Company, on the move of January 7th, deliberately *violated* the fair trade practices as laid down in the Code of Ethics *by selling at a confidential freight rate lower than that openly quoted by members of the Sugar Institute.*

It is possible that Pike may take the position that their Hershey sugars and refiners' sugars are sold through two different firms; our understanding in this connection being that Pike sells refiners' sugars under the name of H. H. Pike & Son and Hershey sugars under the name of H. H. Pike & Company, Inc. Nevertheless, it would appear that the same principals, generally speaking, are identified with both firms, and it is our belief that the members of the Sugar Institute, in a situation like this, are interested in personalities rather than mere firm names in the abstract.

We have put before you clearly our position in the sale of Vizcaya sugar and you know that in all cases we *have sold Vizcaya only upon the freight rates openly quoted by members of the Sugar Institute.* In the light of recent developments, however, you can readily ap-
2480 preciate the impossibility of any organization continuing to sell its sugar on a fair, open basis when a competitor deliberately sets out to tear down the work of the Sugar Institute by violating its fair trade practices.

We do not desire to enter into any long, drawn-out argument on this score. Our position can be summed up in a nutshell. The Sugar

Institute, in its trade press release, made the clear-cut statement that its members, on and after December 13th, would employ only brokers who adhered strictly to the fair trade practices laid down in the Code of Ethics with respect to the sale of all refined cane sugar, including imported white sugars.

These fair trade practices were deliberately violated on January 7th in the sale of Hershey sugars in the market of Louisville. What action do the members of the Sugar Institute intend to take in the premises?

This letter is not confidential.

Very truly yours,

LAMBORN & COMPANY, INC.,
GEO. L. WRIGHT, *Vice President.*

2481 *Government Exhibit 326*

(Office memorandum)

MARCH 25, 1930.

To: Mr. Fred G. Taylor.
From: Mr. E. T. Fisher.
Subject: Absorption of one differential route against another.

Some days ago Mr. Lowe, of Pennsylvania, called me on the telephone and objected to a sentence in the Freight Selling Basis Sheet, Michigan No. 7. The sentence, which has to do with shipping over differential routes, reads as follows: " Shipments so made (via standard differential routes) may be invoiced at the rate quoted by the carrier over whose line shipment is routed." Mr. Lowe stated that this was not the case and that it was his practice to ship sugars to Michigan from Philadelphia via Ocean & Rail and charge the National Dispatch rate which in most cases is 2 cents lower than the Ocean and Rail rate. See C. R. IV–2.

In trying to check this matter up, I have talked to Mr. Placé, of McCahan, Mr. Ripley, of American, and Mr. Raymond, of National. Mr. Raymond and Mr. Placé inform me that there is one point in Michigan where McCahan had an old customer for whom they were making this 2-cent absorption. *He had discussed the question of making this absorption with Mr. Raymond before doing so.* Both Mr. Raymond and Mr. Ripley told me that there are no points in the country where they are absorbing freight on one differential to meet the rates charged by another.

In going through the correspondence on this subject, I have unearthed the letters attached to this memorandum. In Mr. Placé's letter to the Judge dated April 11, 1928, he refers to a ruling established by New York Refiners " that it is permissible to absorb freight on a shipment over a differential route to meet the lowest freight rate over a similar differential route from another refining center, it will now be possible for us to meet the National Dispatch rate to this branch factory, provided our own shipment is made over the 'ocean-and-rail' route."

The only place in the minutes that I can find any reference to the absorption of one differential route against another is in the minutes of the Directors' Meeting of July 27, 1929, which has to do with the shipment via Eastern Differential routes and invoiced at the New Orleans barge rate.

2482 *Government Exhibit 326–A*

THE W. J. McCAHAN SUGAR REFINING & MOLASSES CO.,
101 South Front Street, Philadelphia, Pa., March 19, 1930.

DEAR EVAN: Referring to our telephone conversation yesterday, I enclose copy of my letter of April 3rd, 1928, addressed to Judge Ballou, and copy of Judge Ballou's reply of the 4th. These letters do not appear to have much significance regarding the subject you are investigating.

Referring to my letter of April 11th to Judge Ballou, I want to draw your attention to the fact that the ocean-and-rail rates to most points in the Lower Peninsula of Michigan do not carry any differentials below the Philadelphia rail rates. Our absorption of 2 cents on such shipments merely corrects a defect in the railroad tariffs to these points and does not give the buyer any discriminatory advantage beyond a differential rate, to which he is entitled, due to the fact that he has taken shipment over a differential route. Both Judge Ballou and Mr. Raymond understood this situation thoroughly, I am sure. I am surprised that there is any question about it at this time.

Yours sincerely,

LOUIS V. PLACÉ, JR.

Mr. EVAN T. FISHER,
The Sugar Institute, Inc.,
New York, N. Y.

2483 *Government Exhibit 327*

[Western Union]

DECEMBER 16, 1929.

Col. H. B. MOORE,
Texas Sugar Refining Company, Texas City, Texas:

Referring refiners announcement *delivered prices Indiana* note you have sold there this year stop. Please wire immediately what your future policy will be.

THE SUGAR INSTITUTE.

2484 *Government Exhibit 328*

(Letterhead of Spreckels Sugar Corporation)

82 WALL STREET, NEW YORK, *February 4th, 1930.*

Mr. FRANCIS R. VAN BUREN,
The Sugar Institute, 129 Front Street, New York City.

MY DEAR MR. VAN BUREN: We have been requested to obtain your opinion on the following:

The State of Indiana is on a delivered-price basis, all destinations being freight application points. The application rate to South Bend is 52.6 on bags and the National Despatch prepaid rate on bags is 50.5.

If a buyer elects to ship his sugars by National Despatch should we charge him the application rate of 52.6, or is he privileged to receive the benefit of the lower rate if the shipment is made by this carrier whose tariff provides a rate lower than that of the application rate?

Will you kindly give us a ruling on this, at your earliest convenience?

Very truly yours,

SPRECKELS SUGAR CORPORATION,
By (Sgd.) M. MEYERS.

(Institute files.)

2485 *Government Exhibit 329*

[Copy]

FEBRUARY 6, 1930.

Mr. M. MEYERS,
Spreckels Sugar Corporation, 82 Wall Street, New York, N. Y.

Subject: Delivered price points

MY DEAR MR. MEYERS: Referring to your letter of February 4th in regard to the application to South Bend, Indiana, our understanding is that at any delivered price point the practice adopted by the members is that delivered price applies regardless of what route the shipment is made over, and regardless of what the actual freight rate on the shipment may be.

We hope that this answers your question satisfactorily.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRANCIS R. VAN BUREN.

(Institute files.)

2486 *Government Exhibit 330*

[Telegram]

APRIL 14, 1928.

J. MOOG,
Godchaux Sugars, Inc., 1012 Masonic Temple Bldg., New Orleans, La.:

Savannah & Hershey are claiming that shipments by barge at customer's request have reached such a volume in Alabama and possibly in Tennessee and Kentucky as to preclude any business being obtained by them on higher basis stop. Action by C. & H. would apparently show same belief stop. I shall have to make a prompt decision on this matter and suggest that you come here for a conference during week of April sixteenth wiring me date as soon as possible so that I may advise others interested.

SUGAR INSTITUTE.

2487 *Government Exhibit 331*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 30, 1929.

Memorandum on Wilmington situation

As shown by the Minutes of the Enforcement Committee Meeting of September 26th, there is still a great deal of confusion concerning the status of Wilmington. This confusion arises from the use and definition of the term "Port of Entry."

In the original memorandum of the Southern Consignment Committee, dated April 24, 1929, a port of entry was defined as those cities specifically enumerated in each state and where deliveries might be made for local delivery in less-than-carload quantities or for carload forwarding at the established carload minimum weight. Nothing was said, by way of definition, as to the movement of sugar through the port by water shipment or otherwise, nor was anything said about the maintenance of stocks.

When it was recommended that Wilmington be discontinued as a port of entry, therefore, it was my own understanding that the principal change sought to be accomplished was the elimination of delivery in less-than-carload quantities.

The recommendation of the Institute alarmed both the steamship lines and the commercial bodies of Wilmington, who construed the abolition of a port of entry to mean that no sugar was to be shipped to or through Wilmington by sea. Both the American and the National assured me that this was not the case, as they intended to use the Clyde Steamship Line in getting their sugar to Wilmington as heretofore, and I conveyed this assurance to the steamship people. The New York refiners have been and are still shipping sugar to and through Wilmington by sea.

All this is referred to at length merely to show that there was ample room for misunderstanding as to what was involved in the phrase "no ports of entry" as applied as North Carolina. The real question, of course, is not what any words may be or might have been construed to mean but what is a *fair and equitable adjustment for all concerned.*

This case is typical of the difficulty of *equalizing trade opportunities* when the fundamental conditions are so different that an exact equalization is impossible. We have the following set of conditions to deal with:

2488 New York Refiners.—These have the advantage of an all-quantity rate by water to Wilmington. They can take orders in carload lots either for Wilmington or the interior, ship by water in carload lots and make delivery within reasonable time. They can thus do business without maintaining any stocks in Wilmington.

Philadelphia Refiners.—These have no all-quantity rates for water shipments and therefore cannot ship carload orders in this way. They must make their water shipments in barge loads and must either confine themselves to barge load orders or break bulk at Wilmington, involving a maintenance of stocks.

Hershey.—This concern can ship to Wilmington only in steamer loads with no through rates to the interior applicable. It is difficult to say how they can do business at all at or through Wilmington unless they break bulk at Wilmington, which involves a maintenance of stocks at that point.

Savannah.—This refinery has no water service to Wilmington, and, as I understand it, is not interested in the Wilmington market. It is, however, interested in interior points which are in competition with sugar shipped through Wilmington and from New York, Philadelphia, and Hershey. It wishes to equalize competitive opportunities at such interior points. Refinery shipments to such points are at a time of transit disadvantage as compared with shipments from Wilmington and railroad tariffs allow it no reconsignment points from which this time disadvantage could be equalized. As against this, the four-payment plan which has been retained in North Carolina largely obviates the necessity of consignments or reconsignments. The question has also been raised whether Savannah could not get steamers to ship by water to Wilmington if it was willing to do business on the same scale as Hershey in this respect.

It will be seen then that any attempt at equalization of these varying conditions is beset with difficulties. Even if the suggestion were practicable to stop all water shipments through Wilmington, which for many reasons it is not, New York and Philadelphia refiners and Hershey would be left at a disadvantage with respect to Savannah at interior points and a tremendous inconvenience would be visited upon Wilmington itself where Savannah is not interested. If bulk is not to be broken at Wilmington, the New York refiners, being the only ones who can ship by water on a carload basis, are left in control of the situation. If bulk is to be broken at Wilmington, this becomes

a reconsignment point and Savannah with no reconsignment points to meet it is at a time disadvantage with respect to interior points.

Such a situation must be approached in a spirit of mutual tolerance and conciliation. All parties interested should come to New York next week prepared to discuss it either before or after the Directors' Meeting on October 10th, on which occasion it is hoped that a solution will be found.

SIDNEY BALLOU,
Executive Secretary.

2489 *Government Exhibit 331–A*

[Copy]

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., September 30, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: We have just received the minutes of the Enforcement Committee meeting, No. 17, of September 26th, and note that there is a difference of opinion as to the status of the city of Wilmington, N. C., in the proposed Southern Consignment scheme which is to go into effect on October 10th. At the original meetings on June 5th and 6th, when the curtailment of consignments in the South was first discussed, it was well understood that no consignments other than Trade (Four-Payment Plan) consignments were to be continued in North Carolina; in fact, considerable discussion was had on this question as at the outset Mr. Pike was loath to give up Wilmington as a port of entry, and Pennsylvania wished to retain Newbern as a port of entry. Owing to the nearness of Norfolk in the North, and Charleston in the South, it was finally agreed to eliminate all consignments, including ports of entry, in North Carolina.

At the meetings on August 22nd and 23rd, when this whole question was gone into again, the points as approved at the June meetings were again approved, and no mention at all was made of keeping on Wilmington as a port of entry.

It is annoying, to say the least, to find out that after a program is *agreed upon* by all parties concerned, and it is clear in every one's mind at the time just what is meant, a month later changes should be made in the program agreed to or a different interpretation put upon matters. We do not wish to seem arbitrary, but we must insist that Wilmington, N. C., is to be omitted as a consignment point and as a port of entry. The inclusion of Wilmington as either of these two will result in our refusing to accept any of the other recommendations of the Southern Consignment Committee.

Yours very truly,

(Sgd.) THOMAS OXNARD,
Sales Manager.

2490 *Government Exhibit 331-B*

[Western Union]

[Copy]

OCTOBER 2, 1929.

SAVANNAH SUGAR REFINING CORPORATION,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.:

Referring to your letter of September 30th nobody has suggested that Wilmington be retained as a consignment point. Kindly write fully what you understand to be the meaning of "Port of Entry."

THE SUGAR INSTITUTE.

2491 *Government Exhibit 331-C*

[Copy]

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., Ocober 2, 1929.

Judge SIDNEY BALLOU,
Executive Secretary the Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR JUDGE BALLOU: We received today your memorandum on the Wilmington situation, dated September 30th, and a telegram dated October 2nd, which asks us to write fully what we understood to be the meaning of "Port of Entry."

We consider a port of entry to be a point where sugars are brought in and stored for distribution throughout the adjacent territory. Whether sugar is sold in that particular city in less than carload lots or not seems to us immaterial. To take Wilmington as a concrete instance—the amount of sugars which will be sold in Wilmington, N. C., will be relatively small. A large stock of sugar in Wilmington which would be distributed throughout the State of North Carolina would change the whole proposed consignment set-up in that State. The North Carolina Railroad Commission has not as yet adopted the rates for less than carload shipments as recommended by the Interstate Commerce Commission in the Southeastern rate case. This means that with a stock at Wilmington and fast package car service, sugar in less than carload quantities will be scattered all over the State. It was owing to this fact and also the question of the time in transit from Savannah to points like Charlotte and Winston-Salem that in your circular or June 11th, you will note, North Carolina is to have no ports of entry nor consignment points.

We appreciate fully, as you state in your memorandum of September 30th, that it is difficult to equalize trade opportunities when the fundamental conditions are so different that an exact equalization is impossible. You must bear in mind, however, that when this whole question of consignment points in the South was discussed, no one refiner was wholly satisfied, and the result arrived at was

in the nature of a compromise. For instance, if Savannah were to draw up what they considered an ideal arrangement in the South, we would naturally want to eliminate the barge storage in transit points such as Birmingport, Holt, and Memphis. We are not able to avail ourselves of these points, and we can show you a dozen letters from our various sub-brokers in places in Alabama and Tennessee informing us that after the new arrangement goes into effect, we are going to suffer very severely in attempting to get business. Places like Tuscaloosa and Bessemer in Alabama, Paducah, Kentucky, or Jackson, Tennessee, can be served overnight from one of these storage in transit points as against a four- to five-day
2492 time in transit from Savannah. It was to equalize this discrepancy in time in transit that we had consignment points scattered all over the South. We agreed to give these up in order to help out what was becoming a bad situation. Now that other refiners are endeavoring to change the set-up as agreed for North Carolina, we feel that we are entitled to do a little changing on our own account. The way the whole Southern situation has worked out now, any attempt to change it in any particular would seem to us to involve the great risk of having the whole structure topple down.

We have written at some length, because we wish to make our position clear. The question of Wilmington, N. C., is so tied up in the whole scheme that if sugars are stored in Wilmington for distribution throughout the State of North Carolina, we shall feel free to make any such other changes in the various States in the South as we see fit.

Yours very truly,

(Signed) ----------,
Sales Manager.

2493 *Government Exhibit 331–D*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 4, 1929.

H. H. PIKE & COMPANY,
91 Wall Street, New York, N. Y.

GENTLEMEN: As shown by the enclosed memorandum concerning Wilmington, I was not quite satisfied with the arrangements which had been made while I was away. The construction which had been put upon the term "Port of Entry" was not exactly the construction which I had put upon it and I thought that every effort should have been made to reach a solution which did not go to the extreme length of making it impossible for Hershey to ship through Wilmington.

As you will see from the correspondence attached, however, Savannah still insists that this is the only arrangement possible which will not upset the whole Southern consignment situation. This was the position taken by Savannah at the conference held during my

absence and to which Hershey's representatives, while protesting the obvious hardship to them, finally acquiesced in the interest of the final settlement of a very difficult situation.

I think Hershey's action in this particular was a fine example of their willingness to make a sacrifice for the common good of the sugar industry, which should be the more appreciated because *you are not technically members* of the Institute.

In view of the insistence of Savannah, I do not think that anything but trouble would come of my further attempts to reopen this matter, and shall therefore ask that it be considered closed *on the basis already agreed.*

Thanking you again for your continued cooperation with the Institute in maintaining ethical conditions of marketing and working out our constructive problems, I remain,

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2494 *Government Exhibit 332*

THE SUGAR INSTITUTE, INC.,
129 Frant Street, New York, December 10th, 1929.

MR. ODY LAMBORN,
LAMBORN & CO.,
136 Front Street, New York City, N. Y.

DEAR MR. LAMBORN: I am circularizing your letter of December 6th concerning rate applications at Suffolk, Va., to all members who are interested in that market, and will advise you of the result as soon as we hear from them.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

2495 *Government Exhibit 333*

(Copy of Lamborn's private wire)

(Incoming New York office, original)

[Copy]

FEB. 21, 1928.

Indications here Edgar selling Godchaux from stock under list, including cartage stop. Looks as if Institute should take action to hold Edgar in line, as the General leaves for Europe tomorrow and no one will get any place with Edgar & Son while he is away, which will be until April stop. Believe General Edgar is in New York today.

E45,
Detroit.

3:24 p. m.
(Institute files.)

2496 *Government Exhibit 334*

THE SUGAR INSTITUTE, INC.,
129 FRONT STREET,
New York, March 8, 1928.

A. H. LAMBORN,
132 Front St., New York, N. Y.

MY DEAR MR. LAMBORN: I have your memorandum of March 1st in regard to the practices of W. H. Edgar & Son and note that the original charge—that is, that Edgar was offering sugar generally through Indiana on the barge rate—is not substantiated. It does not seem important to me whether the new charge is worse or not so bad; the point is that it is different. We must, therefore, mark the first charge off as unsupported by evidence.

Now, in regard to the new charge, which is that when the basis price was 5.60 Edgar sold for Godchaux sugar at that basis less 10¢ per bag, I am ready and willing to investigate this charge, but, in view of Mr. Beebe's sweeping denial, I should like something more definite to go on. Neither the name of a buyer nor even that of a specific city is given. If it is possible to get the name of a buyer, I could promise you a very thorough investigation. Without that you must realize that I can make very little headway.

I am, of course, keeping confidential the matter referred to in your memorandum. Even the name of your firm does not appear in the matter.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2497 *Government Exhibit 335*

MARCH 9TH, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Attention Judge Sidney Ballou, Executive Secretary.)

DEAR SIR: Replying to yours of the eighth instant, I beg to say that immediately upon receipt of same I dictated the following rush telegram to our broker at Indianapolis, and will inform you of his reply upon receipt of same:

"Please wire us immediately names one or more jobbers in Indianapolis and points outside Indianapolis in Indiana who bought Godchaux or other sugars from Edgar on February 24th at five sixty plus all-rail rate less ten points rebate stop. Do you maintain that Edgar originally sold at five sixty on barge rate and later instructed his agent to change these sales as above indicated stop. Your answer must be absolutely definite and unquestionably correct."

In the second paragraph of your letter of the eighth you say: "I am ready and willing to investigate this charge, but in view of Beebe's

sweeping denial, I should like something more definite to go on." Since you have had our memorandum on the second charge for one week, am I to presume that you have put the matter up to Beebe, manager of Wm. Edgar & Sons, and that he has made a sweeping denial of the second charge, or am I to refer to the sweeping denial he made of the first charge?

I, personally, am not convinced that the first charge was incorrect, but to the contrary—that the second charge combines two actions on the part of Edgar, the second eliminating the first. It would be very hard to convince me that our broker and our firm, who have the confidence of the Indianapolis trade in particular, and of many buyers throughout Indiana, would be ignored while they bought Godchaux sugars through a brokerage organization with headquarters in
2498 Detroit, as against well-established brands, the owners of which have had the confidence and the patronage of the trade for long periods of time, and especially since these latter parties have a full assortment of sugars well known to the retail trade.

Yours very respectfully,

LAMBORN & COMPANY, INC.,
President.

P. S.—While we are not running an espionage department, we would appreciate your keeping confidential such information as comes to us in a confidential manner. So far as we are concerned, we have no objection whatsoever on having our name given on any reports we make to the Institute. We will not make such reports unless we feel there is foundation for them. In this case we not only believe there is strong foundation but actual facts to be considered, although you should be, and the refiners are aware of the fact that buyers generally do not care to have their names connected with reports of this nature, especially where it may affect their securing such benefits in the future.

2499 *Government Exhibit 336*

THE SUGAR INSTITUTE, INC.,
129 FRONT STREET,
New York, November 14, 1928.

We have received the following notice from the American:

NOVEMBER 13, 1928.

THE SUGAR INSTITUTE,
129 Front Street, New York City.
(Attention of Mr. F. G. Taylor.)

DEAR SIR: This is to inform you that we have sent the following wire to our representative at Charleston, South Carolina, dated today:

"Effective immediately, all carload shipments made from Charleston stock to points in South Carolina will be invoiced on basis of Savannah carload rate freight collect from Charleston. Stop. Cus-

tomers will be permitted to deduct from invoice freight actually paid by them only upon presentation of railroad freight paid bill."

I suggest that an early conference should be called in order that the various interests may discuss the handling of less than carload shipments in order to avoid discrimination.

Yours very truly,

(Sgd.) P. M. RIPLEY,
Traffic Manager.

2500 *Government Exhibit 337*

NOVEMBER 27, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

(Attention of Mr. Fred G. Taylor, Assistant Executive Secretary.)

DEAR MR. TAYLOR: We are pleased to advise you that we have decided to follow the *plan discussed at yesterday's meeting* with regard to shipments from Norfolk stock to outside points via truck or boat; namely, that we will *charge 20½¢ freight plus 5¢ service charge* (for l. c. l. lots), shipping the sugar f. o. b. Norfolk.

We were quite sure, as we told you yesterday, that this would be our attitude as regards this point, even though it practically meant our withdrawal from the North Carolina market. We are willing, however, to make this sacrifice in the interest of harmony and as a manifestation of our desire to forward the interests of the sugar industry in general as expressed through The Sugar Institute, Inc.

Yours truly,

LAMBORN & COMPANY, INC.,
J. G. GRIFFIN, *Manager.*

2501 *Government Exhibit 338–A*

THE SUGAR INSTITUTE, INC.,
129 FRONT STREET,
New York, November 7, 1929.

LAMBORN & COMPANY,
132 Front Street, New York, N. Y.

GENTLEMEN: We will appreciate your early comments or suggestions on our broker's agreement and pledge as requested by Judge Ballou in his letter of October 17th, 1929.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

2502 *Government Exhibit 338–B*

NOVEMBER 8TH, 1929.

THE SUGAR INSTITUTE,
129 Front Street, New York City.
(Attention Mr. Fred G. Taylor, Executive Vice Secretary.)

GENTLEMEN: Your esteemed favor of November 7th at hand, referring to the letter addressed to our Corporation, under date of October 17th, by the late Judge Sidney Ballou, Executive Secretary.

In reply, we beg to say that our Corporation gave immediate attention to Judge Ballou's letter, together with the suggested form of brokers' agreement and pledge draft of October 16th, 1929, and under date of October 23rd, after a most careful study of the draft suggested by the Institute, we drafted a memorandum in reply. Meanwhile, Judge Ballou was taken ill, and since his decease we have felt reluctant to present our letter, until we knew to whom we should address it. The memorandum we have prepared follows, and we sincerely trust it will receive the careful examination of yourself, of the Executive Committee, and subsequently of the members of the Institute. There are many other matters which we could have included in this memorandum, but we felt that they were either partly or entirely extraneous to Judge Ballou's letter and the pledge suggested by the Institute.

Should our suggestions be taken seriously, we hope you will, at a convenient time, arrange that the Executive Committee meet the brokers to whom Judge Ballou's letter was addressed, and allow these brokers to express themselves vocally prior to any expression on the part of any of the officers of our Corporation. This, we believe, is a reasonable request, as you will have digested our communication as well as theirs.

" OCTOBER 23, 1929.

" Memorandum

" We are in receipt of a letter from the Sugar Institute, Inc., dated October 17th, to which is attached a suggested form of Brokers' Agreement and Pledge. The Institute's letter, which is signed by Judge Sidney Ballou, Executive Secretary, states that the proposed pledge has been sent to certain leading brokerage firms for comment and suggestion.

" In line with Judge Ballou's request, we shall be pleased
2503 to outline such changes and modifications as we think should be made in the proposed pledge, as the policy of our firm has been to cooperate with the Institute in every way possible. We believe in the Sugar Institute. We are in full sympathy with its aims and with the Code of Ethics which it has promulgated. We believe that its principles are sound and, if the Code of Ethics is adhered to strictly by each and every member of the Institute, its operations should make for the betterment of the sugar business as a whole.

We are in thorough agreement with the present proposal that each broker engaged in the sale of sugar and syrup for the members of the Sugar Institute should solemnly pledge himself to operate along strictly ethical lines—the stricter the better.

"In the statement which our firm issued over the signature of Mr. A. H. Lamborn in December 1927, we pledged ourselves to support the Institute both in spirit and fact. So far as we know, we are the only brokerage firm selling sugar for members of the Institute that has definitely put itself on record in this connection. We wish the foregoing facts to be taken into consideration in passing judgment on the suggestions which follow. In outlining these suggestions, we are tabulating them paragraph by paragraph in the same sequence as that prevailing in the Institute's proposed pledge.

"Introduction.—With regard to the proposed brokers' pledge, it is our belief that the Sugar Institute intended it to cover only relationships existing between sugar brokers and the members of the Institute. However, this thought is conveyed by implication only. It is our suggestion that the introductory paragraph of the pledge should specifically state that it covers the sales of sugar or syrup made by a broker for the account of a refiner or refiners who are members of the Sugar Institute. We hardly believe that it is the intention of the Institute to concern itself with the relationships that may exist between the broker and a sugar refiner who is not a member of the Institute.

"It is our opinion that the introductory paragraph of the proposed pledge can be materially strengthened. We respectfully refer to your attention Article #1 of the bylaws of the National Sugar Brokers' Association covering the pledge that every member of that organization is forced to take. To our mind, this is a far stronger and more comprehensive pledge than that proposed in the Institute's draft of October 16th. The Institute's pledge represents simply an agreement. From the standpoint of strengthening its moral and ethical effect, we would suggest that the phraseology be changed to read 'solemnly swears or affirms', instead of 'solemnly agrees and pledges.'

"SECTION 1.—This is intended to guard against the rebate to buyers of all or any part of the money or commission received by brokers for services rendered in the purchase and sale of
2504 sugar and syrup. The wording of this paragraph seems to be all right, as far as it goes, but we do not believe it goes far enough.

"A condition now exists where certain brokers are handling resales of refined sugar without charging the second-hand seller a brokerage. This means that certain refiners' representatives are rendering a service to buyers without compensation. Brokers who engage in this practice have brought about a state of unfair competition which is bound to reflect adversely in the sales of refiners whose brokers adhere to the custom of charging brokerage on second-hand sales. In order to put an end to this discriminatory practice,

we suggest that an extra article be incorporated in the proposed pledge, making it mandatory that a broker, on all resales of refined sugar, must charge seller the customary brokerage of 7¢ per barrel on local city sales and 15¢ per barrel on out-of-town sales.

"SECTION 2. This is intended to guard against extraneous or illegitimate inducements being offered to buyers by brokers for the purpose of securing their business. We believe that this is a point which should be covered as certainly business is being solicited today by certain brokerage firms along these lines. We refer specifically to the practice of soliciting orders to be placed with members of the Institute on the basis that extra inducements will be given on other types of sugar, such as beet sugar, when the orders are booked in combination.

"SECTION 3. This is intended to guard against illegitimate diversions of in-transit sugars and appears to us to be a point well taken.

"SECTION 4. This article represents an attempt to use the broker as an instrument to prevent customers from diverting or retransiting their sugars in such a manner as would defeat the refiners' freight application or delivered price at place of destination. It would seem to us that in this instance the sugar broker is being asked to engage in affairs outside his normal sphere. The majority, if not all of the sales contracts, used by members of the Institute, specify that delivery is complete upon receipt of goods by the carrier. After delivery has been effected by the refiner, we feel it is hardly within the province of the broker to dictate to the buyer how he shall handle his purchase or what disposal he shall make of it. We cannot believe that the Sugar Institute wishes brokers to meddle in the affairs of their customers.

"SECTION 5. In this article, the sugar broker is requested to employ his resources in preventing customers from defeating any clause of standard sugar sales contract used by a refiner. Once again, we believe the Sugar Institute is asking the sugar broker to go beyond his normal function. Once a sale has been consummated
2505 between a refiner and a buyer, in a manner which complies with all particulars of the Institute's Code of Ethics, it would seem that a sugar broker has fulfilled his allotted task. We do not believe that it is within the province of a broker to act as a supervisor of his customers in such business relationships as they must necessarily have direct with the refiner.

"SECTION 6. This is intended to guard against the collection of illegitimate warehouse charges by public warehousemen. Naturally, the sugar broker will do all that he possibly can to protect the interests of his principals, the sugar refiners. At the same time, we hardly think it is reasonable to expect him to engage in a system of espionage over public warehousemen in their direct relationship with the refiners.

"SECTION 7. This covers the check and inspection by brokers of consigned stocks. We suggest that the wording of this section be

changed so that the sugar broker would pledge himself to make a check and inspection of refiners' consignments in his care at such intervals and in such a manner as would guard against any irregularities. These inspection periods could be so arranged that any irregularities, which might crop up from time to time in connection with consignment shipments, could readily be detected. The wording of Section #7, as it now stands in the proposed pledge, requires a broker to inspect ALL consignment shipments. This would be a tremendous and, in fact, almost impossible task for the average broker in the larger consignment markets where thousands, and even tens of thousands, bags are consigned monthly. In fact, such pledge of inspection, if it were carried out literally, would necessitate many of our out-of-town representatives employing extra clerks and keeping them on hand at warehouses at all times simply for the purpose of inspecting consignment shipments.

"SECTION 8. This is intended to guard against sugar brokers acting as merchants, warehousemen, or engaging in transportation activities for their own account. This seems to us a particularly wise precaution to include in the pledge, in view of the tactics now used by certain brokers to defeat the spirit, if not the letter of the Code of Ethics, especially along transportation lines.

"SECTION 9. This section of the proposed pledge, as we read it, brings to light a most amazing situation. This article specifically pledges the broker to refrain from soliciting business for a refiner who is evading the letter or spirit of the Code of Ethics. Surely, if the members of the Sugar Institute cannot keep their own house in order, they can hardly expect the sugar broker to be successful in this Herculean task. If any broker were to swear or agree to observe the pledge exacted in this article, he would automatically be forced into a position of being "a policeman on the beat" of every member of the Institute with whom he did business.

2506

"SECTION 10. This article constitutes an eminently reasonable pledge that the sugar broker will give his careful attention to all literature emanating from the Sugar Institute and will carefully uphold the spirit and letter of same in all transactions involving the members of the Institute and their products. This article, it seems to us, is more or less superfluous, as the observance of the pledge, outlined in the preceding articles, should cover the situation thoroughly. However, it is not likely that this point would develop any particular division of opinion between the Institute and the broker.

"In analyzing the proposed pledge as a whole, our chief objection to it is the fact that it apparently attempts to make a sort of super-policeman out of the sugar broker. In Sections #4, #5, #6 and #9, the broker is asked to police, first, the customers, then warehousemen, and finally the members of the Institute themselves. All of this would place a tremendous tax upon the facilities and energies of the sugar brokers in carrying out policies of the Sugar Institute with which they, themselves, had no concern. In fact, such a plan,

if carried out, would come perilously close to be taxation without representation, so far as the relationship between the members of the Institute and sugar brokers go. The sugar brokers, neither individually nor as a whole, have any part in formulating the policies of the Sugar Institute and we cannot see why they should be called upon to act as police agents to enforce the observance of such policies.

"The thought which we have expressed in the preceding paragraph leads up to our concluding suggestion which, we think, is a constructive one. The present trend of action on the part of the Sugar Institute seems to be leading towards an effort to force sugar brokers to carry out policies of the Sugar Institute which lie outside their normal sphere and in the formation of which they are without representation. To remedy this, we would suggest that the scope of the Sugar Institute, as now organized, be extended somewhat and that the sugar brokers be automatically made part of the Sugar Institute in a separate section of their own.

"In fact, this development, in our opinion, should be only the beginning of a progressive and more comprehensive development which would ultimately contemplate a grouping together, under the Sugar Institute, of all factors concerned in the manufacture and sale of sugar in this country. Under this plan, the Sugar Institute would be composed of a number of sections; i. e., the Cane Refiners Section; the Domestic Beet Producers Section; the Island Producers Section (which would include sugar manufacturers in Cuba, Porto Rico, Hawaiian Islands, Philippines, etc., who market their
2507 product in the United States), and the Sugar Brokers Section.

"We believe that if the present activities of the Sugar Institute were extended to include the groups above mentioned, such action would automatically cure the vast majority of ills which now afflict the sugar business and which bid fair to afflict it for many years to come unless proper remedial action is taken."

In conclusion, let us again firmly and indelibly express our hope that the Sugar Institute will continue to function, and that its Code of Ethics will be respected by all, and that the sugar brokers will be identified with the Institute in such a manner that the Institute can definitely control their activities, and place itself in a position where it can absolutely refuse to do business with any broker who does not conform strictly to the "sworn or affirmed pledge" required by the Institute, similar or even more binding than the sworn pledge and affirmation required by the National Sugar Brokers' Association. Relative to the word affirmed, there may be some members of the Sugar Institute or of the Brokers' Association, who do not realize that this word is equal to the sworn oath, though certain sects, including the members of the "Society of Friends", so-called "Quakers", will not take an oath, believing it conflicts with bible teaching, but their affirmation is accepted in the courts, when on the witness stand, as being as binding as their oath. I doubt

if there would be any members of the Brokers' Association who would now not be willing to take the oath instead of the affirmation.

Very sincerely yours,

LAMBORN & COMPANY, INC.,
President.

2508 *Government Exhibit 338–C*

NOVEMBER 25TH, 1929.

MR. FRED G. TAYLOR,
The Sugar Institute, Inc., 129 Front Street,
New York City.

DEAR MR. TAYLOR: On the occasion of a conversation which Mr. George L. Wright and myself had with you recently, you requested that we draw up a pledge which all members of the Sugar Institute might request brokers, whether members of the National Sugar Brokers Association or otherwise, to sign and swear to. We believe the following form of pledge will cover the situation as discussed with you.

This pledge has been given the very serious consideration of the writer, Mr. Ody H. Lamborn, Mr. George L. Wright, and also that of Mr. Don M. Hunt, our office counsel.

"Agreement

"This agreement is made this _____ day of _____, 1929, by and between _____ member of the Sugar Institute, Inc., hereinafter termed the refiner and _____, hereinafter termed the broker.

"In consideration of the refiner employing the broker to sell its sugar, syrup, and/or other products, the broker hereby solemnly promises, agrees, and upon oath states that the broker will rigidly and strictly adhere in every way, in spirit and in fact, to the following rules of conduct in the distribution and sale of the refiner's sugar, syrup, and/or other products:

"(1) That the broker will not give, pay, rebate, or divert all or any part of the money or commissions paid by the refiner for services rendered in the purchase or sale of sugar, syrup, and/or other products either directly or indirectly by any means or subterfuge of any nature whatsoever, to the factor ordering or to the purchaser or to any of their employees or to any firm, corporation, or individual designated by or connected with them;

"(2) That the broker will not give or be a party to giving money or its equivalent or any inducement not considered ethical or legitimate under the Code of Ethics of The Sugar Institute, Inc., unless fully disclosed to the refiner, to any individual, firm, or cor-
2509 poration, directly or indirectly, for the purpose of inducing the placing of orders for sugar, syrup, and/or other products;

"(3) That the broker will, on all second-hand purchases or sales of the refiner's products, charge the seller the established rates of commission paid by the refiner to the broker on original purchases and sales;

"(4) That the broker will not divert to customers' warehouses or to any warehouses or destinations other than those shown on bills of lading any cars or cargoes of sugar, syrup, and/or other products which have been consigned to the broker by the refiner, except when such diversion is specifically authorized by the refiner;

"(5) That the broker will check and inspect consignments of sugar, syrup, and/or other products shipped by the refiner in the broker's care, after same have been unloaded in warehouse designated in the shipping papers, at such intervals and in such manner as will reasonably serve to detect any irregularities, and that any irregularities if detected will be reported immediately to the refiner;

"(6) That, while acting as a broker in the distribution and sale of the refiner's products, the broker will not engage in the business of warehousing or merchandising any product of the refiner or of transporting any product of the refiner, either first hand or resale, or participate directly or indirectly in the profits of such warehousing, merchandising, or transportation;

"(1) That the broker, in working with associate brokers, subbrokers, or agents, will deal only through those recognized as legitimate brokers or agents and will cause them to execute with the refiner a signed and solemn agreement, under oath, identical with this herein set forth.

"It is understood and agreed by and between the refiner and the broker that the refiner will secure from all brokers through whom it sells its sugar, syrup, and/or other products a signed and solemn agreement, under oath, identical with that herein set forth, and that from and after---------- 1929, the refiner will not conduct the distribution and sale of its sugar, syrup, and/or other products through any broker or other independent sales agency unless and until such broker or sales agency has signed and deposited a copy of such agreement with the refiner.

"It is further understood and agreed by and between the refiner and the broker that should the broker fail to comply with any of the provisions of this contract the refiner may terminate this agreement with the broker upon ten days notice in writing mailed to the broker by registered mail; and that should the refiner fail to comply with any of the provisions of this contract, the broker may terminate this agreement with the refiner upon ten days notice in
2310 writing mailed to the refiner by registered mail.

"In witness thereof the broker has signed this pledge and agreement in duplicate both on behalf of himself, his employees, his

partners, or the corporation with which he is connected, its officials or employees, this day of _____ 1929.

"(Signature) _____

"State of _____

"County of _____

"Subscribed and sworn to this _____ day of _____ 1929.

_____,

"*Notary Public.*"

"In consideration of the foregoing promises and agreements on the part of the broker, the refiner has caused this instrument to be signed in its name and its corporate seal affixed thereto this _____ day of _____ 1929.

_____"

We believe that all of the sugar refining companies who are members of the Institute are corporations with the exception of Arbuckle Bros. We are in some doubt as to Henderson. However, in the case of those who are not corporations, the closing paragraph would read:

"In consideration of the foregoing promises and agreements on the part of the broker, the refiner has caused this instrument to be signed this _____ day of _____ 1929."

It is presumed that each refining member of the Institute will see that every broker with whom they are doing business will make this sworn pledge.

Yours very sincerely,

LAMBORN & COMPANY, INC.,
President.

2511 *Government Exhibit 338–D*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 17th, 1930.

Mr. A. H. LAMBORN,
Lamborn & Co., 132 Front Street, New York City.

DEAR MR. LAMBORN: Herewith copies of the broker's pledge as it has been revised to date.

This form was circularized to the membership under date of February 6th after a special committee had considered all the various suggestions that had been submitted in the matter. It will probably be a source of satisfaction for you to note that the greater part of the pledge is in the exact language of your suggestion, and other parts are only slight modifications of it. A few additions have been

made to meet the minds of all concerned, but we believe these will meet your approval, and the last paragraph, containing the termination clause, has been stricken out with the understanding that each refiner may make such arrangements for terminating as he sees fit, some of them already having arrangements with which the 10-day notice proposed in this agreement conflicts.

This form has been approved by the Directorate, and we are requested to ask that it be executed with every broker and filed at the Institute on or before April 1st, 1930.

Permit us to again assure you of our appreciation of your able assistance in this matter.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary

2512 *Government Exhibit 339*

LAMBORN & COMPANY, INC.,
Whitney Central Bank Bldg., New Orleans, November 14, 1930.
HAAS INVESTMENT COMPANY,
Alexandria, Louisiana.

DEAR MR. HAAS: We have been advised that one of our competitors has reported to the Institute the fact that you are affiliated with the Avoyelles Wholesale Grocery Company, which fact, according to the Code of Ethics of the Institute, would disqualify you.

We have had the Sales Manager of the Colonial Sugars Company in New York discuss this with the Executive Secretary of the Institute and point out that, inasmuch as you had already signed the broker's pledge, we could assume that no brokerage would be diverted to the grocery company, and that this was only one of your many diversified investments.

Personally, I do not think that this will get us anywhere, as the paragraph covering this is very plain, reading as follows:

"No brokerage should be paid on any orders placed by a broker for account of a buyer in whose business the broker has an interest, no on any orders placed by a broker in whose business the buyer has an interest."

We intend to take no steps until we have a definite ruling from the Institute and will continue our arrangement until further advised, but if you have any statement that we might use in getting this matter settled, we would appreciate having it.

Yours very truly,

LAMBORN & COMPANY, INC.,
E. NUTTER.

2513 *Government Exhibit 340*

FEBRUARY 26TH, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention Mr. Wm. Patterson.)

GENTLEMEN: We are advised by our associate broker at Evansville, Indiana, Mr. L. A. Parker, that Mr. C. A. Humphry, the American's broker at Evansville, has 4,000 bags of American sugars in transit to him at Evansville, which was shipped from the refinery at New Orleans on February 7th—these sugars being consigned to the Evansville warehouse.

It is our understanding that the Evansville Warehouse Company has been disbarred by the Institute. In fact, we have been told by refiners that they would make no shipments for us to the Evansville Warehouse. Will you kindly investigate this matter and advise us whether the above facts are true, and if there is any good reason why the American can put the shipment in question in the Evansville Warehouse if we cannot carry stocks of our principals' sugars in that same warehouse.

Yours very truly,

LAMBORN & COMPANY, INC.,
ODY H. LAMBORN, *Manager.*

2514 *Government Exhibit 340–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 3, 1931.

Mr. ODY H. LAMBORN,
Lamborn & Company, Inc., 132 Front Street,
New York City.

MY DEAR MR. LAMBORN: In reply to your letter of February 26th, we have asked the American about the shipment of 4,000 bags which left the refinery at New Orleans February 7th consigned to Evansville Warehouse.

The American advises us that the Johnson-Meade Terminal will be opened today and that these 4,000 bags and whatever other stock is at present in the Evansville Warehouse, will be moved to the Johnson-Meade Terminal.

We trust that this information is what you desire.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Handwritten notation:) Graves—Did I write L. A. P. of this? If not, you do so.

2516 *Government Exhibit 341–B*

[Copy]

LOWRY & COMPANY, INC.,
New York, March 31, 1930.

NATIONAL SUGAR REFINING COMPANY,
129 Front Street, New York City.

GENTLEMEN: Our Mr. Lowry, as you know, has been away, and it is only in the last few days that he had a chance to look over the agreement that you suggested our signing.

In reference to this proposed agreement in connection with trade ethics we would say first that we understand its purpose to be to prevent any broker, or agent, from dividing commission or rebating in any manner to the buyer in order to secure his business. We are in hearty accord with this object.

Long ago, when joining the Brokers Association, we signed such an agreement. Knowing that some of the brokers or agents with whom the refineries did business were not members of the Brokers Association, we suggested the advisability of having everyone with whom the refineries did business sign such an agreement.

In the main we are in agreement with this draft. We, however, would like to call your attention to one or two features.

First. The agreement we would make would be with National Sugar Refining Company as a firm or a corporation, not with them as "Members of the Sugar Institute, Inc." We are not interested in what organization you belong to any more than you are interested in any organization we may belong to.

Rule One. We can assure you that we will carefully peruse and conscientiously uphold the spirit and letter of any communication that you may address to us, whether it deals with the Code of Ethics of the Sugar Institute or any other subject.

Rule Two. At first this did not seem to us strong enough, because the brokers should not purchase business with any funds, no matter how these are obtained. However, taken in conjunction with No. Three, this feature is probably intended to be fully covered. We do, however, suggest the elimination in parts No. 3, line 3, of "under the Code of Ethics of the Sugar Institute." We are willing at your direction in connection with your business to follow these practices, or any others, according to your direction.

Clause 5. We think there should be added on line 5, after "attention", "In connection with said refineries' business"; in Clause 6, line 6, after "irregularities", should be added "In connection with the said refineries' business." Clause 7, line 3, after "attention", should be added In connection with the said refineries' business."

2517 Clause 8. We hardly see how we could agree to this. To do so would mean a radical and unnecessary change in our business as you know, we are engaged in a "service business." We do many things for clients; among others arrange for transportation of all kinds, and for this purpose have a well-organized Transportation Department. Further, our business is to sell sugar for anyone who has it for sale. We do not, however, make a practice of merchandising for our own account. As you know, when we do these things we do them as agents for a principal, and receive a commission as our return. As long as we keep this commission, and do not use it for the purpose of "buying business", which we certainly will not do, then we think we have conformed with your objectives.

Trusting that you are in accord with these views and awaiting your advices regarding procedure.

Yours very truly,

LOWRY & COMPANY, INC.

2518 *Government Exhibit 342*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 29, 1929.

Mr. F. LOWRY,
Lowry & Co., Inc., 90 Wall Street, New York, N. Y.

DEAR MR. LOWRY: Pursuant to our conversation at lunch time, I bring to your attention the following quotation from our Executive Committee Minutes of November 21st:

"Open Price Announcements by Nonmembers: The Vice Secretary reported conversations had with Lowry and Lamborn in which he had asked whether or not they would be willing to sell their respective brands of foreign white sugar on openly announced prices. He stated that they had both expressed a willingness to cooperate in this matter if it was thought that it would be helpful to the general situation. The Executive Committee recommended that the Vice Secretary inform these brokers that the members of the Institute would consider it a constructive and beneficial step in the matter if they would sell the sugars only on open prices publicly announced and upon the open selling terms adopted by the Institute."

I would appreciate a note from you confirming our understanding in this matter that I may use in making formal report back to the Executive Committee.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2519 *Government Exhibit 343*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 30, 1929.

Mr. FRANK C. LOWRY,
90 Wall Street, New York, N. Y.

DEAR MR. LOWRY: In further reference to the request of our Executive Committee which I have discussed with you and which is indicated by the excerpt from our Executive Committee Minutes herewith, it seems important *to add a few other items.*

I explained to you that we had had very excellent cooperation at all times from the *Armstrong* people and that they had *sold their sugars strictly in accordance with our Code Rulings on a price differential of 5¢.* In recent weeks, however, they had met so much complaint from the trade that they had decided to change their sales policy and meet competition as they found it in each district. Realizing that such action on their part would add another disintegrating influence to our already difficult problems, I have urged Mr. Bass to " stand by " as he has done in the past and give us opportunity *to adjust some of the competitive difficulties* with which he is confronted. He expressed a complete willingness to do this upon *condition that the Institute will secure the same* character of cooperation from other sellers of imported white sugars as his company is giving. He is not, however, in a position to delay his decision, as he is starting on a trip over his territory immediately for the purpose of establishing his sales policy for the coming crop in the various districts, and *if he can have our assurance of the cooperation to which I have referred, he will continue his present policy.*

You have already indicated your willingness to announce your prices to the Institute, and I think it will not be our disposition to use these beyond the point of answering any inquiries that may be directed to us concerning them. You have also indicated your willingness to subscribe to the general open-selling terms adopted by the Institute, and we feel that it is important that certain features of these terms should be understood in detail in order that we may intelligently answer any question that arises concerning your practices.

In the first place, we should like to know, as we have known in the instance of all of our own members at the time of their
2520 starting to follow Institute rules, whether you have any existing contracts taken at different prices or terms than the regular selling terms of the Sugar Institute, and, if so, advise us of such contracts with prices, terms, and expiration dates.

Secondly, it is desirable that *we should know that*, beginning immediately, say December 2nd, your publicly announced price basis will be ——— less 2%, 7 days; that your truckage allowance will be ———¢ per bag in case buyer trucks sugar himself if you are in any case using such service; *that* no truckage allowance is to be given if sugars are sold to buyers outside of New York City and/or Baltimore and/or other refining points; *that* in case of trucking sugars to buyers outside of New York *same charges will be made by you as those established by Institute refiners.*

We will also be interested to *know* the differentials which apply to any package sugars which you are offering.

Other considerations in reference to "*terms*" *should be understood as including subscription to the Institute's Code Rulings*, especially as to storing sugars only in warehouses that are not affiliated with buyers or brokers, and discontinuing consignments to buyers' warehouses with such exceptions as are made in the general practice of other refiners.

We would also like you to tell us *that you will quote* sugars *only* on a *delivered price* basis to such *points* as are being generally sold on this basis. This latter is not an Institute matter but an item of importance to all parties concerned.

While we know that you have pledged yourselves to your association to conduct your business ethically and use no part of the brokerage paid to you to benefit buyers either directly or indirectly, we would appreciate your telling that to us specifically, and *that you will in substance follow the present rulings of the Institute, or as they may be changed or initiated from time to time and made known to you*, and finally that in case of any deviation from such practices you will promptly notify us to this effect.

If the details of this request appear onerous or too exacting, I urge that you consider the motive, one of *mutual advantage*. We have many times been able to squelch rumors and pacify disgruntled complainants who were disturbed by suspicions, by being able 2521 to quote definite statements disputing the complaint made by the party who was complained against, and this is the reason for our request in this matter. It will put us in a position to intelligently answer almost any question or complaint that may arise, and will, I am sure, be appreciated by all members of the Institute.

Trusting that we may have your *complete cooperation* in this matter, and with kindest personal regards of the writer, we are

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED E. TAYLOR,
Executive Vice Secretary.

2522 *Government Exhibit 343–A*

[Copy]

LOWRY & COMPANY, INC., NEW YORK,
December 3, 1929.

Mr. F. E. TAYLOR,
Executive Vice President Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR MR. TAYLOR: Replying specifically to your letter of November 30, would say that for account of the Limones Refinery, we have no contracts outstanding the terms of which are at variance with the Institute's rules. As a matter of fact, we have very few undelivered contracts of any kind on our books at this time—the total being in the neighborhood of 13,000 bags, scattered among fifteen to twenty buyers.

Our today's price is 4.30, less 2% 7 days.

We do not sell the sugar in territory where, to meet competition, truckage allowances are necessary. The sugar is packed only in 100-pound bags and differentials are therefore not a factor. *In selling out-of-town points we use the same prepaid basis as is used by all other refiners, and it has not been our practice to sell sugar f. o. b.*

As to the brokerage, it is not our practice to pass on any part of this to our customers as, speaking frankly, we find it insufficient for ourselves. In our judgment, no refiner should employ the services of any broker who, as a means of securing business, passes on to the buyer any part of the brokerage received.

We are,
Respectfully yours,

LOWRY & COMPANY, INC.,
President.

2523 *Government Exhibit 343–B*

[Copy]

LOWRY & COMPANY, INC., NEW YORK,
December 5, 1929.

Mr. F. E. TAYLOR,
Executive Vice President Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR MR. TAYLOR: I refer to your letters of November 29 and November 30, also to the conversations we had several days earlier on the same subject, i. e., the advisability of our posting the Sugar Institute, Inc., on the prices and terms on which we are selling for

Messrs. Mestre & Machado, of Havana, sugar refined in the Limones Refinery.

This method of procedure is entirely agreeable to us and will be to our clients, although they, not being members of the Institute, have no voice in the conduct of its affairs.

Of course you appreciate that the output of the Limones Refinery is very limited and the sugar shipped to the States from that source unimportant as a market factor.

However, as stated before, we will be glad to keep you informed of our prices, terms, and selling policies.

Respectfully yours,

LOWRY & COMPANY, INC.,
President.

2524 *Government Exhibit 343–C*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 13th, 1929.

LOWRY & COMPANY,
90 Wall Street, New York City.

(Attention Mr. Lowry.)

GENTLEMEN: Permit us to express appreciation of your good letters of December 5th, which stated your willingness to follow the Institute's policy of "open prices and terms publicly announced" in the sale of your foreign white sugars. These communications were read to the Executive Committee at yesterday's meeting.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2525 *Government Exhibit 344*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 20, 1929.

Mr. F. C. LOWRY,
Lowry & Company, 90 Wall Street, New York, N. Y.

DEAR MR. LOWRY: We are attaching hereto an excerpt from the Minutes of our Directors' Meeting of December 7th, in the nature of resolutions which were passed concerning brokers, reference to which has already been circularized through the trade papers.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

Government Exhibit 344-A

2526 [Copy]

LOWRY & COMPANY, INC.,
New York, December 26, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Attn. Mr. F. G. Taylor.)

GENTLEMEN: We quote the following excerpt from the Minutes of the Directors' Meeting of the Sugar Institute of December 7th:

"On motion duly made, seconded, and unanimously carried, the Secretary was requested to note in the Minutes that the resolution was not intended to cover the sale of Louisiana unrefined plantation white sugar or domestic beet, the sale of such sugars being governed by Codes of Ethics of other trade associations."

While it is true that the sale of beet sugars are governed by the Code of Ethics of their own trade associations; nevertheless, there are two beet companies who are not members of the Domestic Bureau who sell their sugars not at all in accordance with the Sugar Institute's regulations. The selling agents for these companies represent and sell considerable sugars for all Refiners—members of the Sugar Institute.

We feel and strongly urge that the resolution be amended so that it will be sufficiently broad to cover brokers who are selling Louisiana Plantation and domestic beet sugars for companies not members of the trade associations referred to above. Furthermore, if the resolution adopted by the Sugar Institute on December 7th concerning brokers was adopted by the Domestic Bureau, it would not be effective as the amount of beet sugar sold by these brokers for the Domestic Bureau members, is negligible if any.

Under the circumstances, we believe that the Institute should, in justice to all concerned, amend the resolution to cover brokers who are handling beet sugars.

Yours very truly,

LOWRY & COMPANY, INC.

Government Exhibit 344-B

2527 [Copy]

LOWRY & COMPANY, INC.,
New York, December 27, 1929.

MR. F. G. TAYLOR,
The Sugar Institute, Inc., 129 Front Street, New York City.

DEAR MR. TAYLOR: Supplementing our letter of the 26th, in regard to beet sugar quotations, we surmise that you will say the interests referred to are not members of the Sugar Institute, or the Domestic Bureau, and for that reason no control can be exercised

over them. We submit however, that in the question of cane sugar, you are attempting to accomplish something by requiring the brokers who handle the sugar of Cuban producers who are not members of the Institute, to sell this sugar on the Institute's terms, or to forfeit their right to handle sugar for members of the Institute.

Why could not this same principle be applied to those who handle sugar for beet producers who are not members of the Institute or the Domestic Bureau?

Very truly yours,

———— ————.

2528 *Government Exhibit 344–C*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 10, 1930.

LOWRY & COMPANY, INC.,
90 Wall Street, New York, N. Y.
(Attention Mr. Wm. Hogan.)

GENTLEMEN: Replying to your letters of December 26th and 27th, with particular reference to a certain paragraph of our resolution of December 7th, will say that it is apparent that the language of this resolution has not fully conveyed our meaning.

Early steps will be taken to adjust the inequality about which you complain. We will advise you further when this has been done.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2529 *Government Exhibit 344–D*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 22, 1930.

LOWRY & COMPANY, INC.,
90 Wall Street, New York, N. Y.
(Attention of Mr. Wm. Hogan.)

GENTLEMEN: The attached excerpt from the Minutes of our Directors' Meeting of January 16th contains matter under the heading of "Brokers handling Foreign Sugar" which will be a complete answer to your complaint of December 26th regarding that subject.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2530 *Government Exhibit 344-E*

Brokers handling Foreign Sugar

Consideration was given to the recommendation of the Executive Committee to amend the last paragraph of the Resolution of December 7th regarding "Brokers handling Foreign Sugars" and to change the wording of the supplemental paragraph immediately following, in order to clarify and more fully express the intent of the Resolution.

It was recommended that that portion of the last paragraph of the Resolution referred to, which now reads:

"* * * its members should cease the employment of brokers who in the handling of refined cane sugars, and also imported white suagrs, fail to observe * * *"

be changed to read:

"* * * its members should cease the employment of brokers who in the handling of refined cane sugars or other white sugars, fail to observe * * *"

and that the portion of the supplemental paragraph immediately following, which now reads:

"* * * the resolution was not intended to cover the sale of Louisiana unrefined plantation white sugar or domestic beet, the sale of such sugars being governed by Codes of Ethics of other trade associations"

be changed to read:

"* * * the resolution was not intended to cover the sale of Louisiana unrefined plantation white sugar or domestic beet sugar, where the sale of such sugars is governed by Codes of Ethics of other trade associations."

On motion duly made and seconded, the foregoing changes were unanimously approved, and the portions of the resolution referred to now read as follows:

2531 "Now, therefore, be it resolved, That it is the sense of the Institute that its members should cease the employment of brokers who in the handling of refined cane sugar or other white sugars, fail to observe the standard of business conduct laid down in the Institute's Code of Ethics, or who fail to sell all such sugars on prices which are openly announced and upon terms and conditions which are fair trade practices under the Institute's Code of Ethics.

"On motion duly made, seconded and unanimously carried, the Secretary was requested to note in the minutes that the resolution was not intended to cover the sale of Louisiana unrefined plantation white sugar or domestic beet sugar, where the sale of such sugars is governed by Codes of Ethics of other trade associations."

2532 *Government Exhibit 345*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 31st, 1930.

LOWRY & Co.,
90 Wall Street, New York City.

GENTLEMEN: We will appreciate your releasing the attached notice to the trade on February 5th, 1930.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2533 *Government Exhibit 345-A*

For release February 5/30.

Notice to the Trade

The Sugar Institute has adopted a resolution recommending that its members shall, in case any shipment made by them is diverted or reconsigned to a point other than the one to which the buyer instructs them to ship, require the buyer to pay freight in accordance with their ruling freight basis to such ultimate point of destination. This applies whether the shipment is made under a contract or a spot sale, and whether made from refinery or consignment point.

Where, in carrying out our practice of tracing all of our shipments to destination, we find that any such diversion or reconsignment has been made, we shall, pursuant to the Sugar Institute's recommendation, bill the buyer for freight in accordance with our ruling freight basis to ultimate destination, and insist on payment of same.

2534 *Government Exhibit 346*

[Copy]

LOWRY & COMPANY, INC.,
New York, October 14th, 1930.

THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.
(Attention of Mr. Wm. Patterson.)

GENTLEMEN: We quote the following received from our Iowa correspondent, which is self-explanatory. Is there anything that can be done on this?

"Glad to receive your nice letter of the seventh regarding the investigation made by the Sugar Institute.

"We have written the Sugar Institute asking for a report exonerating us of charges, but to date have not been accorded the courtesy of a reply. Can you do anything about it?"

Your very truly,

LOWRY & COMPANY, INC.

2535 *Government Exhibit 346–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 21, 1930.

Our file no. B–68–A.

LOWRY & COMPANY,
90 Wall Street, New York City.
(Attention Mr. W. J. Carroll.)

Subject: McElroy Brokerage Company, Iowa.

GENTLEMEN: In reply to your letter of October 14th we regret to advise you that The Sugar Institute cannot give reports of its investigations to anyone outside of the members of The Sugar Institute.

Attached you will find copy of a letter which was sent to the McElroy Brokerage Company, October 15th. In this connection you might point out to your correspondent that he should not be worried because he has been investigated. Half a dozen brokerage firms in Iowa were investigated at the same time and, in the course of the last year and a half, the Institute has investigated fifty or sixty brokerage concerns. The fact that a broker is investigated by the Institute should not hurt his standing in the slightest provided he has done nothing contrary to the Code of Ethics. An investigation should be looked upon in the same light as an examination of a bank by a bank examiner.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
W. W. PATTERSON.

2536 *Government Exhibit 346–B*

[Copy]

OCTOBER 15, 1930.

Our file no. B–68–A.

W. T. MCELROY COMPANY,
Ottumwa, Iowa.

GENTLEMEN: In reply to your letter of October 10th it is impossible for the Institute to report as you have requested in your letter. The Institute can operate only as a fact-finding body, and after the facts are ascertained it is up to the discretion of the various members to act upon these facts as they see fit.

A copy of Mr. Spencer's report was sent to all interested parties and there the Institute's jurisdiction ends. Mr. Spencer's report

in itself gave you a perfectly clean bill of health in our opinion, and as the report was sent both to the complainant and to your principal, we believe that you are entirely vindicated in the eyes of both parties.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

2537 *Government Exhibit 347*

[Copy]

JANUARY 10TH, 1928.

Messrs. J. W. DEJARNETTE & COMPANY,
Foot of Fayette Street, Norfolk, Va.

GENTLEMEN: We enclose herewith a copy of the Code of Ethics, of the Sugar Institute, Inc., which organization is comprised of cane sugar refiners in the United States. The Institute was recently formed, and its purposes are set forth in the enclosed pamphlet.

We look to you, as a member of our organization, to be guided by and adhere strictly to, the rulings as outlined in the pamphlet referred to and at any time you find any infractions by any refiner, we look to you to promptly report same to us with full details supporting same.

We will, from time to time, advise you with regard to further details as the information comes to hand.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
H. C. SCRYMSER,
General Sales Manager.

(Federal files.)

2538 *Government Exhibit 347-A*

(Letterhead of J. W. DeJarnette & Co., Brokers and Distributors)

NORFOLK, VA., *Jan. 12th, 1928.*

(Mailing Dept. Received Jan. 13, 1928, 1 p. m.)

FEDERAL SUGAR REFINING CO.,
62 Wall St., New York, N. Y.

GENTLEMEN: We have yours of the 10th enclosing copy of the Code of Ethics of the Sugar Institute, Inc., and note instructions concerning same, and which will, of course, be strictly adhered to by us. Any infraction upon the part of any refiner will be reported as soon as discovered.

We trust the irregular competition which has obtained the past several years, to our practical exclusion will be corrected and eliminated under the proposed plan.

It is, of course, essential that all refiners be identically on the same basis at all consignment points as to price, service, etc. The

practice of consigning sugars to Jobbers' stocks, also stocks stored at such points as Newbern, N. C., should be discontinued, as it demoralizes territories tributary to distributing port cities. *Irregular transportation, like barge service, should not be employed to the disadvantage of those Refiners for whom it is impracticable*, the custom being to pass the difference in rate on to the Jobber which is *equivalent to a cut in price*, and those Refiners meeting the situation with the barge rate have, of course, been getting the business.

The practice also in vogue with Southgate & Co. at their Terminal of unloading and storing sugars free of cost to those Jobbers located in their Terminal, which include: D. Pender Grocery Co., Southern Distributing Co., Serpell-Winner-Jordan, Inc., and Abbott-Gwaltney Co., should be discontinued. American and others have been meeting that competition by making store-door deliveries, which is equivalent to an allowance of about 5¢ per bag.

We suppose the above practices will be abolished as it is necessary, of course, that all Refiners be on an equal basis with reference to distribution.

2539 There is no necessity nor reason for Refiners carrying stocks at Newbern, N. C., which is not a distributing point, but carrying such stocks has resulted in producing a very unsatisfactory situation in nearby territory.

We trust the Institute will abolish that practice, and which we think will help the sugar situation very materially in all this territory.

These are some ideas that we thought you might like to have before you as coming from the territory in which you have been so adversely affected by reason of the better proposition the trade have received from competitors for the past several years.

Please keep us informed.

Very truly yours,

J. W. DEJARNETTE & Co.
J. W. DEJARNETTE.

(Federal files.)

2540 *Government Exhibit 347–B*

[Copy]

JANUARY 27th, 1928.

MESSRS. J. W. DEJARNETTE & COMPANY,
Norfolk, Va.

GENTLEMEN: You have become thoroughly acquainted by now with the Code of Ethics adopted by the Sugar Institute, Inc., of which this Company is a member.

The purpose of this letter is to advise you that this Company, in joining the Institute, and in accepting the Code of Ethics, has done so with the intention of adopting this Code in its entirety and conducting our future business relations with our customers in such a

way that not only the letter but the spirit of the Code will be lived up to. As our Brokers, we must have your wholehearted cooperation in carrying out honestly and conscientiously the policy of the Institute.

If questions should arise over which you are in doubt as to whether or not this Code would be violated, you must refer such matters to this office for determination and instructions immediately. We appreciate that it is impossible to cover, in the Code, all details in connection with the sale and delivery of sugar, and some of these questions must yet be determined by the Institute.

We call your attention to the fact that extreme care must be used by you to see that the *old terms are not allowed in any instance except on deliveries made against contracts written prior to January 9th, 1928.*

We again call your attention to the following:

1. We make no price guarantees whatsoever.
2. We have discontinued meeting the Mississippi-Warrior Company's barge rates in the Ohio, Kentucky, and Indiana territories.
3. Effective January 9th, 1928, the Code of Ethics of the Sugar Institute, Inc., was adopted for general application by this Company in all territories.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
H. C. SCRYMSER, *General Sales Manager.*

(Federal files.)

2541 *Government Exhibit 347–C*

(Letterhead of J. W. DeJarnette & Co., brokers and distributors)

NORFOLK, VA., *Jan. 28th, 1928.*

(Mailing Dept. Received Jan. 30, 1928, 10:30 a. m.)

FEDERAL SUGAR REFINING CO.,
82 Wall St., New York, N. Y.

GENTLEMEN: We have yours of the 27th and note instructions relative to the Code of Ethics adopted by the Sugar Institute, Inc., of which you are a member; you may have the assurance that the rules and regulations will be carried out in accordance with your wishes.

You, of course, appreciate that we have been practically completely shut out from business as a result of the irregular practices of competitors, about which you have been fully informed from time to time, and we are interested to know if these practices upon the part of competitors will be discontinued. These include:

Barge rates passed on to Buyers.
Carrying sugars on consignment with Jobbers.
Unloading and storing sugars in Jobbers' warehouses free of cost.
(We refer to Jobbers located in Southgate Terminal.)
Store-door delivery.

Freight absorptions out of Norfolk.

The practice of booking sugar and giving almost unlimited withdrawal time.

Guaranteeing prices against decline.

If we may be permitted, we would like to use the word "rotten" as applied to the competition you have been up against in this market for the past several years.

Kindly advise and oblige.

Very truly yours,

J. W. DeJarnette & Co.
J. W. DeJarnette.

(Federal files.)

2542 *Government Exhibit 347–D*

[Copy]

January 27th, 1928.

Messrs. J. W. DeJarnette & Company,
Fayette Street, Norfolk, Va.

Gentlemen: In order that this Company may be able to carry out the policies of the Institute and to conform to its Code of Ethics, it is, of course, necessary that our brokers shall not divide with our customers any part of the brokerage which we pay.

In order that there may be no misunderstanding as to this matter, and that we may be able to demonstrate to the Institute the position of our Brokers thereon, we ask that you immediately sign and forward to this office one copy of the letter attached hereto.

Yours very truly,

Federal Sugar Refining Company,
H. C. Scrymser, *General Sales Manager.*

(Federal files.)

2543 *Government Exhibit 347–E*

(Letterhead of Federal Sugar Refining Company)

82 Wall Street, New York, *January 28, 1928.*

Federal Sugar Refining Company,
82 Wall Street, New York City.

Dear Sirs: As your Brokers, we agree that we will not divide with our customers any part of the brokerage paid by you to us for the services rendered in the sale of such sugar.

We pledge ourselves to adhere to this policy without reservation.

Yours very truly,

J. W. DeJarnette & Co.,
Broker, Norfolk, Va.

(Federal files.)

2544 *Government Exhibit 347–F*

[Copy]

JANUARY 30th, 1928.

Messrs. J. W. DEJARNETTE & COMPANY,
Foot of Fayette Street, Norfolk, Va.

GENTLEMEN: We have your letters of January 26th and have thoroughly noted the contents. It is, of course, unfortunate that we are unable to supply Adams, Harris & Company with the grades and packages desired, but under existing conditions it would have been foolish to enter the market and endeavor to aggressively compete with the small daily going business. As advised previously, we are watching the situation closely and will not remain inactive one day longer than is considered necessary to the best interests of all concerned.

We note your inquiry with regard to the practices used by competitors and beg to advise that we believe that all of the practices enumerated will be things of the past within the very near future. It is, of course, understood that the rulings of the Institute could not be made retroactive either way to materially interfere with bona fide arrangements made previous to its formation, but we are advised officially that steps have been taken to preclude, at the earliest possible moment, any special arrangements outstanding after January 9th.

We understand just how skeptical a great majority of the trade in all directions have been and continue to be with regard to the "practically ideal" Code of Ethics adopted by the Sugar Institute, but if they will simply follow the line of reasoning they will quickly understand that it is absolutely necessary for refiners to strictly adhere to the rules and regulations laid down by the Code of Ethics in the cause of self-preservation. Necessity is the mother of invention and in order to be one of the survivors of the fittest it is absolutely necessary that all refiners strictly adhere, not only to the letter, but also to the spirit of the Code of Ethics, in every manner possible. We believe that under the changed conditions that will soon be in effect that the trade, as of old, will be materially benefited and although competition will continue to be keen, it will be a fight in the open and not, as might be termed, from ambush.

Reiterating our previous request, we would thank you to keep on the alert and if you find any discrepancies of any nature whatsoever, advise us promptly.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
H. C. SCRYMSER,
General Sales Manager.

(Federal files.)

2545 *Government Exhibit 347–G*

[Copy]

FEBRUARY 15TH, 1928.

J. W. DEJARNETTE AND COMPANY,
Norfolk, Va.

DEAR SIRS: We wish to remind you once again that if you discern any irregularities whatsoever creeping into the method of doing business in your territory it is your duty to report immediately such irregularities to this Company. Any information given us should be specific as to names, terms, etc.

It is to your own advantage as well as ours that you keep us fully informed. Unethical methods of sugar distribution may be quickly stamped out if they are brought to the attention of the Sugar Institute. Thus you will always be in a position to know what terms our competitors are offering, and will not be competing against unknown conditions as heretofore.

We have no doubt you will be given much false information by buyers, who naturally do not look with favor on the Institute because of its having brought about the cessation of the unfairly advantageous terms which some formerly enjoyed, and who, therefore, would welcome its downfall.

It is our belief that our competitors desire and need the Institute as much as we do. The irregularities which have been practiced certainly have not been to the advantage of any one in the sugar industry. We believe the Sugar Institute is here to stay—to gain rather than to lose strength as it goes along.

It is our intention to cooperate with you furthering our mutual business in every way possible and we in our turn must have your cooperation.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Acting General Sales Manager.

(Federal files.)

2546 *Government Exhibit 347–H*

(Letterhead of J. W. DeJarnette & Co., Brokers and Distributors)

NORFOLK, VA., *Feb. 16th, 1928.*

FEDERAL SUGAR REFINING CO.,
82 Wall St., New York, N. Y.

GENTLEMEN: In reply to yours of the 15th, we beg to say that we have always kept you informed as to competitive conditions and will continue to do so.

We note that when irregularities are reported you desire specific information as to names, terms, etc., and we will endeavor to do so,

but you will appreciate that when underground methods are used, it is difficult to do this. We trust, however, these practices will be discontinued, but we have little confidence in some of our competitors.

One situation with which you are confronted and which is sufficient to deprive you of business in this territory is barge service, buyers having the benefit of the low rate under this service, which is practically a shade in price of 11.1 per cwt. below the regular Baltimore rate of 21.1. We have previously advised that competitors using this rate invoice sugars at a delivered price, not stating freight rate; for instance: if the basis price today is 5.60 New York, such sugar is billed at 5.70 Norfolk.

We are interested and anxious to know whether or not it is your purpose to place us on a competitive basis and as a matter of fact, it will be hard sledding even on that basis by reason of the previous poor service given this trade. We trust you will appreciate our frankness, as it is necessary for you to know the real situation in order to take intelligent action.

We have been doing sugar business at a loss for several years by reason of the fact that we maintain facilities for that purpose, and which for the past several years have been largely unemployed, though maintenance has been necessary in expectation of being
2547 placed in a position to do business at any time, and which unfortunately has been slow in development.

We believe, also, that freight absorptions will be necessary to meet the competitive condition with which you are confronted if results of any consequence are to be obtained.

We are pleased to read the last paragraph of your letter which says that: "your intention is to co-operate with us in furthering our mutual business in every way possible" and you may have the assurance that you will have our cooperation to the utmost.

Very truly yours,

J. W. DeJarnette & Co.,
J. W. DeJarnette.

(Federal files.)

2548 *Government Exhibit 347–I*

[Copy]

Feb. 23rd, 1928.

J. W. DeJarnette & Co.,
Foot of Fayette St., Norfolk, Va.

Gentlemen: With further reference to our recent correspondence concerning methods in your market, you will be pleased to learn that the situation is receiving our careful attention. You will realize that the methods of which you complain are deep-seated, and that those engaged in the giving and receiving of benefits are loathe to change their practices.

However, we hope for some alleviation. There are matters requiring some little time for adjustment, perhaps several months.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Acting General Sales Manager.

(Federal files.)

2549 *Government Exhibit 347–J*

(Letterhead of J. W. DeJarnette & Co., Brokers and Distributors)

NORFOLK, VA., *Feb. 29th, 1928.*

FEDERAL SUGAR REFINING CO.,
82 Wall St., New York City.

GENTLEMEN: In our conversation with your Mr. Ketcham over 'phone this morning we reported that we were informed by the D. Pender Grocer Co.'s buyer that he was offered sugar on yesterday at 5.60 basis with a barge rate which figures between 10¢ and 11¢ per hundred.

We believe this statement is absolutely true, and in this connection we were informed by another buyer that he had booked his requirements at 5.60 basis with that rate.

You will appreciate that so long as this condition obtains you will be shut out on local business and also to a greater or less extent in North Carolina territory.

If the Sugar Institute is going to secure results beneficial to Refiners, it will place all consignment points on the same *identical delivered basis*, which should be based on the all-rail rate, regardless of traffic movement.

We believe it would be beneficial to all refiners if consignments to all small towns were cut out and confine them to port cities, and such interior cities as are distributing centers. This would eliminate all towns in Virginia except Norfolk and Richmond, and all in North Carolina except perhaps Wilmington.

We believe the business would be much healthier for both refiners and jobbers in the states mentioned were this plan adopted, which means going back to the old method of distribution when so much tonnage moved through these points and distribution was on a satisfactory basis to all concerned.

The situation will necessarily be more or less chaotic so long as certain refiners keep up their present consignment policy of consigning sugars to small points. We trust the Institute will handle this matter.

Very truly yours,

J. W. DEJARNETTE & CO.

(Federal files.)

2550 *Government Exhibit 347–K*

[Copy]

MARCH 2ND, 1928.

Messrs. J. W. DEJARNETTE & Co.,
Foot of Fayette Street, Norfolk, Va.

GENTLEMEN: Your interesting letter of the 29th ultimo, received and duly noted.

Regarding the barge rate of 10 and 11 cents per C lbs. to Norfolk, we must again state that this matter is having our serious attention. *We feel that eventually some adjustment must be made.* You will understand, of course, that not only the buyers who are enjoying benefits from this low rate, but the sellers who are getting distribution thereby, will resist very strongly any efforts to alter the existing conditions. The matter is being pressed and will be pursued, we trust, to a conclusion. However, this is a difficulty that will take time, and a decision cannot be expected for weeks and probably several months.

Your ideas on the question of consignment points are sound, and follow closely the policies established by the Institute as embodied in the "Code of Ethics." A great variety of conflicting interests have existed for a long period of time, and the tremendous business that has been built up through these years based on unsound business policies, cannot, with a stroke of the pen, be torn down. These matters must not only have careful consideration, but time for mature reflection and a digestion of the facts to be considered.

We thank you for your letter, which has so thoroughly stated the situation, and hasten to assure you that issues are not being tabled indefinitely or lost in committee.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Acting General Sales Manager.

(Federal files.)

2551 *Government Exhibit 347–L*

MARCH 22, 1928.

Messrs. J. W. DEJARNETTE & Co.,
Foot of Fayette Street, Norfolk, Virginia.

GENTLEMEN: Replying to yours of the 20th inst., would repeat that we are deeply interested in the matters under discussion—for instance, the question of absorbing ten points of the Norfolk rate is being pushed vigorously and it can be fairly definitely stated that one of the disinterested parties who will probably be of tremendous influence is in sympathy with your views and we feel that ultimately an adjustment will be reached. In a former letter you were

advised that these matters would probably not be settled for several months and that considerable resistance is being encountered.

In our letter of the 19th inst., we endeavored to point out the necessity of having facts upon which to base a complaint. It appears that the Chas. Syer & Company post card is dated March 13th and has been examined under an ordinary magnifying glass. The Post Office cancellation rubber stamp bears no date.

Reference to our records shows that the American Sugar Refining Company were on this date naming a price of 5:75. Before 11 o'clock the following morning, March 14th, they announced an advance effective the opening, March 15th, to 5:85. This left them free to book business all the 14th at the old price of 5:75. We can see nothing wrong in this. It is exactly what we did on Feb. 29th and again on March 1st.

Our position was slightly different on March 14th. We booked business at 5:75 until 2 P. M., and so happened to be limited sellers, then making a spot advance to 5:75 good for the balance of the day, which means telegrams dated that day up to midnight were good for consideration upon receipt the following day, although otherwise we were firm the following morning at the opening at basis 5:80. Now, if your competitor, the Syer Company had continued to solicit new business at the old price on the 15th, that would have been an entirely different matter and with proper proof, would have placed us in position to make it a very serious affair.

2552 The conclusion of all this is that under identical circumstances there can be no reason why you should not circularize your trade in exactly the same manner that the Syer Company did. We are writing you thus at length in order to disabuse your mind of any idea that we have not got your interests at heart, for your interests are our interests. This whole question, including that of the barge absorption, will be pressed. Frankly, we cannot see how business men who call themselves such are willing and even anxious to give away 10¾ cents, thus doing business without profit or at a loss. We not only wish but intend to do business in your market, but we think you will agree with us in the claim that we are entitled to a reasonable profit.

For that reason we are willing, temporarily, to not obtain our fair share of the distribution, and our hope is to once and for all place yourselves on a competitive basis and ourselves on a paying basis in your territory.

Very truly yours,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Acting General Sales Manager.

(Federal files.)

2553 *Government Exhibit 349*

MARCH 14, 1928.

RALPH O. DRURY COMPANY,
Mahoning Bank Bldg., Youngstown, Ohio.

GENTLEMEN: We wish to repeat that it is our intention to adhere strictly to the Code of Ethics of the Sugar Institute. In this connection, in order to obviate any future misunderstandings, we desire to impress upon you again the fact that sugars on order with us under our thirty-day contract terms must be actually withdrawn within the specified period.

Please recall these facts immediately to the attention of your trade that each customer may have sufficient time to make all necessary arrangements.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Acting General Sales Manager.

(Federal files.)

2554 *Government Exhibit 350*

(Letterhead of Federal Sugar Refining Company)

82 WALL STREET,
NEW YORK, *Feb. 2, 1928—9 A. M.*

FEDERAL SUGAR REFINING COMPANY,
82 Wall Street, New York City.

GENTLEMEN: As your Brokers, we agree that we will not divide with our customers any part of the brokerage paid by you to us for the services rendered in the sale of such sugar.

We pledge ourselves to adhere to this policy without reservation.

Yours very truly,

WM. A. FISHER CO.,
By A. J. S.
Broker.

Louisville, Ky., City.
(Federal files.)

2555 *Government Exhibit 351*

APRIL 4, 1928.

RALPH O. DRURY CO.,
Mahoning Bank Bldg.,
Youngstown, Ohio.

GENTLEMEN: The writer was extremely surprised to see an invoice for the equivalent of 79 bags out of your consigned stock to the Sheet & Tube Employees, showing the delivery against contract #91 of

December 1, 1927, basis $5.60. This contract was cancelled several weeks ago. Due to the fact that we have no record from the buyer agreeing to the cancellation, we have no recourse but to pass the invoice as rendered.

We realize that this is a small matter and we trust that you can readily see our viewpoint when we must insist that our direct representatives do not overstep limits in their sphere of action. *Since January 9th*, the 30-day clause in the contract has been strictly adhered to; not only by ourselves but by competitors. This is probably the first time in the history of the sugar business that such has been the case. You will realize also, we think, that we must rely to a great extent upon our direct representative.

We wish to allow you as much freedom as possible. Under existing conditions, we are aware of the fact that you are to some extent handicapped by centralized control of sales and to a large extent centralized operation. The ideal method would be for decentralized operation, which however, is impossible under present conditions.

Assuring you that your efforts are always appreciated and trusting that you can see our position in the matter, we remain,

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Acting General Sales Manager.

(Federal files.)

2556 *Government Exhibit 351–A*

(Letterhead of Ralph O. Drury Company, Mahoning Bank Building)

YOUNGSTOWN, OHIO, *April 7, 1928.*

THE FEDERAL SUGAR REFINING COMPANY,
82 Wall St., New York City.

(Att. J. H. Ketcham.)

GENTLEMEN: In regard to the old contract of the Sheet & Tube Employees Stores Company which has been hanging fire for some time. We could not complete same because we did not have an assortment. We were not trying to overstep our authority, but we did want to clean out some of the old stock we had on hand.

We understand that your actions are governed considerably by the *new control*, but we felt that inasmuch as the contract had been placed prior to the new plan of operation, it was in line to take care of same accordingly. You can rest assured that we will do everything in our power to adhere strictly to the rules of the Sugar Institute.

We certainly hope that the Sugar Institute will reinstate Youngstown as a consignment point. Practically all of our buyers, including the Great A. & P. Tea Company and the Kroger Grocery & Baking Company, feel that the Youngstown market is being treated unfairly. We hope that you will use your influence to have the matter changed. It will work out fine for Arbuckles, who is usually under the price of

the other refiners, and offers inducements that the others do not extend. We are not criticizing Arbuckles, but they keep our trade loaded to the ears constantly.

Will appreciate very much your advising definitely, if you can, just when you will enter the market actively again. We do not want to be hung "high and dry" without an active sugar account during the best season of the year. We will extend to you every cooperation within our power, but we must know exactly where we stand.

Awaiting your reply and with best regards, we are,

Yours very truly,

RALPH O. DRURY COMPANY,
R. O. DRURY.

(Federal files.)

2557 *Government Exhibit 352*

A. S. CRAIG & SONS,
WHOLESALE GROCERS,
EAST CHURCH STREET AND BEESON BOULEVARD,
Uniontown, Pa., August 3rd, 1928.

FEDERAL SUGAR REFINING COMPANY,
62 Wall Street, New York City, N. Y.

GENTLEMEN: We received invoice and bill of lading attached for Car. N. Y. C. 230486, sugar under the date of July 31st, '28, and bill of lading is of same date.

We placed with a brokerage firm, Davis & Mohan, of Pittsburgh, an order for a car, 400 Bales 4/25 Fine Gran. Sugar, early Monday morning, July 30th, and he suggested the Federal Sugar Company at $5.55 base. This order was given to him with the understanding that shipment was to be made on Monday without fail, and if the Federal Company could not do this to let us know and we would make arrangements with some other refiner. He came back with the information that Federal would ship sure Monday. If this car had been shipped on Monday as ordered we would have received it in our city on Friday morning, August 3rd, and probably could have cleaned it up by the close of business on Saturday. Now we will not receive this car until Saturday, which is a very short day for us, and on Monday we will have a reduction of 15¢ per 100# in price, and we feel that we are entitled to a reduction on this car.

If we had been working on a contract with you and had four or five cars on hand at the last day of that contract you would have shipped them out to us, and we feel that our contract is just as binding as yours, and if the car had been shipped on specified time it would have given us a chance to unload and get our money back before going into the low price next week.

Awaiting your advice on this matter, we remain,

Yours very truly,

A. S. CRAIG & SONS,
Per D. ARMER CRAIG.

(Federal files.)

2558 *Government Exhibit 352–A*

AUGUST 8, 1928.

Messrs. A. S. CRAIG & SONS,
Uniontown, Pennsylvania.

GENTLEMEN: Answering your favor of the 3rd inst., reference car of bales shipped on order #35821. We have thoroughly investigated this shipment and find that there was no unreasonable delay in movement. Records show that the order was telephoned to our plant at Yonkers at 11:35 A. M. July 30th, and the car was shipped the following day, or July 31st.

Our decline to the 5.40 basis was not announced till late in the afternoon of August 1st; however, *not effective till the opening August 2nd*, or two days after the car had been rolling. We wish to point out that the decline in the market was not initiated by ourselves, but, regardless of that fact, we feel that we cannot be held responsible in this case, where the decline was made effective two days after shipment.

In view of the fact that there was no unreasonable delay, we are convinced that were we to reprice these sugars the same would be a flagrant violation of the Code of Ethics to which we are pledged. It is indeed a misfortune that the market went against you as it did with us, but, as stated above, this was a matter beyond the control of either yourselves or ourselves.

Thanking you for your letter and trusting that the future will see many and more profitable transactions, we beg to remain,

Very truly yours,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Asst. General Sales Manager.

(Federal files.)

2559 *Government Exhibit 353*

(Letterhead of Harry W. Dunlap Company, Jenkins Arcade Building)

PITTSBURGH, PA., *August 3rd, 1928.*

FEDERAL SUGAR REFINING CO.,
New York City.

GENTLEMEN: On July 28th we wired you Eagle Grocery Co.'s order for car of sugar for immediate shipment, and it appears this car of sugar was not shipped from the Refinery until July 31st.

Eagle Grocery Co. feel that their car of sugar should have been shipped not later than Monday, July 30th, and since there was some delay, they inquire if they are not entitled to the lower price on this car of sugar?

Yours very truly,

HARRY W. DUNLAP COMPANY.

(Federal files.)

2560 *Government Exhibit 353–A*

AUG. 7TH, 1928.

Messrs. H. W. DUNLAP COMPANY,
Jenkins Arcade Bldg., Pittsburgh, Pa.

GENTLEMEN: Replying to your favor of the third instant, relative to shipment for the Eagle Grocery Co., your telegram dated July 28th was received in this office on Monday, July 30th, due to the fact that our office is closed on Saturdays.

The telegram submitted the business to us for prompt shipment. The car was confirmed promptly, and shipment made the very next day.

Under the circumstances, we feel it would be a violation of the Code of Ethics, to which we are pledged, to allow a claim on this car. This unfortunately is a case where the market went against the buyers and was due to no fault of our own, as the decline was not initiated by ourselves.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Assistant General Sales Manager.

(Federal files.)

2561 *Government Exhibit 354*

(Letterhead of Barton & Wheadon, Wholesale Grocers and Tea Importers, Corner R. R. Avenue & Church St.)

ELMIRA, N. Y., *Aug. 2, 1928.*

FEDERAL SUGAR REFINING CO.,
New York City.

GENTLEMEN: We wired you this morning asking about the car of sugar placed last Monday. Received your wire in reply saying the car was shipped New York Central. This order was placed thru our Elmire broker, Mr. Hummell, and then thru Lamborn & Company with specifications "Erie shipment."

We looked for this car for unloading today. As a consequence we will not get the car until next Monday. We feel that we are entitled to an adjustment of price under these circumstances.

We had this sugar back ordered to be shipped out today, and as a consequence of delay we will have to ship Monday at Monday's price. We do not think an adjustment is out of order and will look for a favorable reply.

Yours truly,

BARTON & WHEADON.

(Handwritten notations:) 7/30. Shipped 7/31. Ans. 8/7. Also C. M. & R. T.

(Federal file.)

2562 *Government Exhibit 354–A*

[Copy]

AUGUST 7th, 1928.

Messrs. BARTON & WHEADON,
Elmira, N. Y.

GENTLEMEN: In reply to your favor of the second instant, investigation of our records shows that this sugar as written into the bill of lading was routed over the Erie R. R. Our plant, however, is located at Yonkers, N. Y., and as the Erie has no terminal at Yonkers, the New York Central was simply the initial carrier. The only other alternative would have been to send the sugar down by lighter, which experience has shown to be about the same transit time, sometimes greater than to route the way we did.

Under the circumstances, we feel that every care was exercised and no delay made in the handling of the shipment while in our control.

Inasmuch as the Code of Ethics of the Sugar Institute to which we are pledged specifically condemns the repricing of contracts, we regret to advise that it will be impossible for us to mark down the price at this time.

Thanking you for your letter, we are,

Yours very truly,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Assistant General Sales Manager.

(Federal files.)

2563 *Government Exhibit 356*

BURNSIDE & SPENCER,
MERCHANDISE BROKERS AND SALES AGENTS,
Erie, Pa., June 12, 1928.

FEDERAL SUGAR REFINING CO.,
82 Wall St., New York City, N. Y.

GENTLEMEN: Referring to your letter of the 6th inst. in which you direct us to ship the remaining cases of sugar back to the refinery at Yonkers.

Before doing so, we have interviewed all our jobbers here with the idea of trying to get them to take this small lot off our hands. The Jacob Haller Co. who have been buying practically all of the Federal package sugars from us, advised us yesterday that they would take the remaining 35 cases of 30/2's providing you would allow them the amount of freight that it would cost to send these cases back to your Refinery. We have informed them that we would make this proposition to you and if you accept same kindly advise us immediately.

Yours very truly,

BURNSIDE & SPENCER.

(Federal files.)

2564 *Government Exhibit 356–A*

JUNE 13, 1928.

Messrs. BURNSIDE & SPENCER,
Erie, Pa.

GENTLEMEN: In answer to your favor of the 12th inst., we appreciate the interest you have shown in endeavoring to move the remaining consignment stock of cases on hand. We regret, however, that this cannot be done as it would be a violation of the Code of Ethics to which we are pledged. For that reason we think it better to have the stock shipped back to our refinery unless of course, someone in your trade cares to take the lot at full price. We trust you will realize that under the circumstances it is impossible for us to make any concession.

Very truly yours,

FEDERAL SUGAR REFINING COMPANY,
J. H. KETCHAM,
Acting General Sales Manager.

(Federal files.)

2565 *Government Exhibit 358*

BURNSIDE & SPENCER,
MERCHANDISE BROKERS AND SALES AGENTS,
Erie, Pa., January 31, 1928.

FEDERAL SUGAR REFINING CO.,
82 Wall St., New York City, N. Y.

GENTLEMEN: We are asking at this time as to whether or not the new agreement between brokers and refiners includes such firms as the Edgar Co. The reason why we ask this is, the writer today read a part of a letter which was shown to him by one of our jobbers and which specified what the jobbers must do with future carloads of sugar. That is, the specific instructions in regard to the payment on consigned cars or cars in storage.

Now, while this concern have not had any consigned cars from Edgar for this last three weeks and are now running very low in their sugar stocks, and, while we have been trying very hard to land them on their order for a car of sugar, they feel confident that they are going to get further deliveries from Edgar. We do know that Edgar paid them brokerage last year. They have not paid them any brokerage since January 1st.

We are very anxious to find out just how the new agreement will effect such firms as they. Our understanding was that it would effect all dealers and brokers. Thanking you in advance for your reply to this, we are

Yours very truly,

BURNSIDE & SPENCER.

(Federal files.)

2566 *Government Exhibit 358–A*

FEBRUARY 3rd, 1928.

Messrs. BURNSIDE & SPENCER,
Erie, Pa.

GENTLEMEN: In answer to your favor of January 31st, regarding the situation in your territory with respect to the competition you encounter from W. H. Edgar & Company, would say that so far as we know Edgar is not a member of the Institute.

However, members of the Institute, which includes all cane refiners except California & Hawaiian Sugar Corporation, may not sell to Edgar on more advantageous terms than to anyone else.

Yours very truly,

FEDERAL SUGAR REFINING COMPANY.

(Federal files.)

2567 *Government Exhibit 359*

[Copy]

L. W. & P. ARMSTRONG,
Sept. 18, 1928.

THE SUGAR INSTITUTE,
129 Front Street, New York City.

GENTLEMEN: We are in receipt of your two letters of September 17th, signed by your Mr. Patterson and your Mr. Taylor, and we wish to thank you very much indeed for your information as to *service charges.*

We immediately telegraphed yesterday to all our agents, instructing them to follow suit, as we are always falling in line with other refiners' practices.

We wish that you would kindly put us on your mailing list so that any time any important changes are made we will know sufficiently ahead of time in order to instruct our agents accordingly, so that there will be no time lost on any sales made on a different basis than other refiners make their sales, even if it is a question of only a few hours, as we are very strict in the enforcement of the customary practices.

Thanking you in advance for your courtesy, we remain,

Yours very truly,

2568 *Government Exhibit 359–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 19, 1928.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.

GENTLEMEN: We have your letter of September 18th and wish to express our appreciation of your action with regard to service charges.

With respect to putting you on our mailing list for notification of important changes, we would say that all such changes are sent out to members of the Institute and certain news services by telegraph.

We have been hoping since last June to hear from your Directors with regard to *our request for full cooperation with the Institute* (without, however, any responsibility of membership) *in the same way that we are receiving cooperation from such concerns as the Hershey Corporation and W. H. Edgar & Son*, to whom all notices are regularly sent.

In view of your request, however, we would state that we will place your name immediately upon our telegraphic list to receive all advices of changes in price and all important changes in freight applications and other terms as made by any of our members. In return we hope that you will furnish the Institute promptly in writing with the notifications of similar changes by you as soon as they have been made.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2569 *Government Exhibit 359–B*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 26, 1928.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.

GENTLEMEN: In reply to your letter of September 25th regarding the elimination of the service charge in Texas, it is the understanding of the Institute that this exception originated with the California & Hawaiian and that it has some relation to the fact that the state of Texas permits intrastate shipments of mixed carloads of sugar, syrup, and molasses at the carload rate of sugar.

We enclose for your information a copy of a letter which we are writing to the C. & H. upon this subject.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2570 *Government Exhibit 359–C*

For the information of members of the Sugar Institute

SEPTEMBER 24, 1928.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP'N,
215 Market Street, San Francisco, Calif.

GENTLEMEN: In the frequent contact of members of the Institute *around the table, there has grown up a spirit of cooperation* which is, of course, the basis upon which any such trade association as ours must rest. We have not only missed your counsel at our board, but have also missed the opportunity of developing the same broad view of looking at problems for the benefit of the industry as a whole instead of primarily from a selfish standpoint.

The whole psychology upon which this spirit has been and is still being built up makes it almost hopeless in advance to attempt merely by correspondence to bring about its application to any one problem affecting your business. I am, however, going to make a poor attempt in that direction.

There has been much discussion at recent meetings of the importance of what is called "thinking nationally" as against what is phrased as "hand picking" of territory. During the first months of the life of the Institute there was a general disposition to cooperate in constructive measures, except and provided that particular refiners found such measures so disadvantageous to their business in particular territory that they must except such territory from the operation of the general principle involved. The result is that there have grown up and still exist territorial boundaries with resulting inequalities which are irritating to the Trade and which, except insofar as they have their origin in freight tariff boundaries, are difficult to justify.

Lately, however, there has been a growing determination not only that such hand picking of territorial advantage shall cease but that existing instances ought to and must eventually be abolished. In other words, there is a decided set of the tide in the opposite direction, evidenced again and again by the willingness of individual refiners to sacrifice a choice morsel of territorial advantage for the sake of a uniformity on constructive measures which are manifestly to the benefit of the industry as a whole.

Now, the latest example of a constructive step in the industry has been the *general imposition of a service charge* for
2571 delivery of less-than-carload lots ex-consignment. This was courageously inaugurated by one of the beet companies to whom it would appear to be most disadvantageous. I need not rehearse the basis principle upon which such charge is justified both legally and commercially.

As you may have inferred by the promptness with which this move was followed in your guaranteed territory and the delay in imposing it elsewhere, it was not altogether a proposition on which the advantage was all on one side. Every refiner felt that it was a

fine and constructive thing and that the recommendation of the Institute that such deliveries were special services under its Code was sound. Some refiners, however, had choice pieces of territory in which they felt that trade conditions there existing would put them at a relative disadvantage. All these doubts were finally resolved in favor of uniformity, solely in view of the recent spirit of the Institute that in a case like this, hand picking of territory should be subordinated to the general good.

All this, of course, leads up to the question of your picking the state of Texas as the one state in the Union where this charge is not imposed. I am not quite sure whether, as Executive Secretary of the Institute, I am supposed to know the reason for this exception, although I might be justified in assuming that it was the same reason given for your split billing on 60,000-pound cars in that state last February, which practice you were so good as to abandon upon the representation that it was a violation of the Code of the Institute, even though you were not a member.

At any rate, for the purposes of this letter it is safe to assume that your exception of the state of Texas is due to some condition existing only in that state which you feel would put you at a selling disadvantage. Perhaps you have theoretically the same rights and opportunities as other sellers but because others were first in the field they have secured certain merchandising advantages with a bearing upon less-than-carload deliveries, against which you must struggle.

Anticipating this reply, I can only say, as I intimated at the start, that if you had been present at all of the discussions of the Institute and seen first one refiner and then another make substantial concessions of particular advantages in the interests of the whole, you would feel that it was your turn to contribute at least one stone to the broad foundation which we are attempting to lay.

Very truly yours,

Executive Secretary.

2572 *Government Exhibit 360*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 24, 1929.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.

GENTLEMEN: I enclose for your information extracts from the minutes of the Directors' Meeting of January 17th and 18th, 1929.

These extracts cover matters upon which those who are cooperating with the Institute in the maintenance of its Code and observance of its rulings should be properly informed.

Again thanking you for your continued cooperation, I remain,

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2573 *Government Exhibit 361*

[Copy]

L. W. & P. ARMSTRONG,
August 5, 1929.

THE SUGAR INSTITUTE,
129 Front Street, New York City.
(Attention Judge Ballau.)

GENTLEMEN: We have pointed out to you some time ago the bad practice prevailing in the New Orleans territory in connection with *drop shipments*, and are wondering whether anything has been done since to correct this situation.

We understand that the New Orleans refiners are making drop shipments in very small quantities as low as 5 bags, which naturally must hurt large jobbers, and besides, put a heavy burden and expense on the refineries.

We have advised our agents that we will not entertain any more any such business, which we consider a nuisance, or at least, try to discourage it, and we understand that the C. & H. is doing likewise. We do not know, of course, whether Hershey is doing it or not, but we understand that other New Orleans refiners are doing it (viz, making drop shipments).

We feel that concerted action should be taken to eliminate this nuisance, and we would appreciate it very much if you would be kind enough to lend your efforts in this direction, as we consider the elimination of drop shipments as a considerable constructive step forward. We feel that the refiners should not be in the retail business, and to a certain extent should protect the larger jobbers, whose duty it is to distribute sugars in smaller quantities at a profit.

Thanking you for your kind attention to this matter, I remain,
Yours very truly,

2574 *Government Exhibit 361–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 6, 1929.

In reply refer to B–226.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.

GENTLEMEN: We are in receipt of your letter of August 5th in regard to the matter of drop shipments in New Orleans territory. We have referred this matter to the Southern refiners with a view to possibly finding some way of eliminating this practice by concerted action.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

2575 *Government Exhibit 362*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 20, 1929.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.

GENTLEMEN: From time to time I have received suggestions from you as to needed reforms in the sugar industry which I fear have not always been acknowledged as fully as they deserved.

The truth is that all these suggestions have had consideration, but there are competitive conditions of long standing which seem to militate against their adoption. You will understand, of course, that *reforms of a constructive nature can only be put into effect with the unanimous concurrence of all refiners concerned*, and in many cases there is a real or fancied competitive advantage in some one direction or an unwillingness to disturb customs of long standing which blocks progress in one direction or another.

I have before me your letter of March 8th with reference to the making of a *charge for deliveries in the city*. This seems an obvious constructive reform, but there is a long history back of the present situation and an *unwillingness in some quarters to change present conditions*. The advantages to the industry as a whole of making a reasonable charge for the service performed have certainly not been overlooked.

We are always glad to get constructive suggestions from those who are cooperating with the Institute, but we cannot always go into details as to the differences of opinion which prevent the adoption of apparently sound suggestions.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2576 *Government Exhibit 363*

[Copy of Western Union Telegram]

WINCHESTER, VIR., *Oct. 24, 1929*—11:51 a.

THE HARRY R. GORDON CO.,
82 Wall St.

Lamborn offers Cuban granulated five three five; will it give satisfaction?

T. J. COOPER AND SON.

12:06 p.

2577 *Government Exhibit 363–A*

[Copy]

Cable Address: "Strongarm—New York."

L. W. & P. ARMSTRONG,
96 Wall Street, New York, October 24, 1929.

THE SUGAR INSTITUTE,
129 Front St., New York City.
(Attention Judge Ballou.)

GENTLEMEN: The writer at the various Institute's meetings at which he was present has always understood that Lamborn was cooperating with the other members of the Sugar Institute and ourselves in upholding the letter and spirit of the Code of Ethics of the Sugar Institute.

We understand that the most important ruling is in connection with the upholding of the announced price basis, and we have therefore consistently since the formation of the Institute, *stuck to our openly announced basic price without making any different prices to different customers.*

It has come to our attention several times that Lamborn was selling imported refined sugars on the basis of various prices thereby disregarding this all-important ethical practice followed by ourselves and other refiners. Enclosed we beg to hand you a telegram which just came into our possession, and from which you will see that Lamborn is offering refined sugars on the basis of $5.35. Please let us know whether Lamborn has made an open announcement to this effect quoting a price of 5.35.

2578 In case this firm should not have made such an open announcement, or else should make a different price basis for different customers, we would like to give you notice that we will reserve ourselves the right and privilege to take corresponding action. Needless to say that we should very much regret to deviate in any way whatsoever from our well established ethical practices.

Yours very truly,

L. W. & P. ARMSTRONG.

P. S.—Please treat enclosed telegram confidentially.

2579 *Government Exhibit 363–B*

[Copy]

OCTOBER 25TH, 1929.

Mr. JOHN BASS,
L. W. & P. Armstrong, 96 Wall Street, New York City.

DEAR MR. BASS: Since conferring with you over the telephone, I have been in touch with both *Lamborn and Lowry, who express complete willingness to cooperate with us in the matter of open price announcements*, or some substitute for that practice that may be

suitable to all parties concerned. They point out that a number and variety of open price announcements might be a greater disturbing factor than the present system, and suggest the advisability of *some clearance*, for the benefit of all parties interested in their prices, without making it public.

We will discuss the matter further with them at a later date and will appreciate your suggestions in the meantime.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2580 *Government Exhibit 364*

[Copy]

L. W. & P. ARMSTRONG,
November 12, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

(Att. Mr. Fred G. Taylor, Executive Vice Secretary.)

GENTLEMEN: The biggest disturbing factor in the sugar trade has been, and is, the making of secret allowances to the trade, no matter in what form given, whether given in form of price concessions, special bonuses, freight allowances, splitting of brokerages, or other concessions. We do not see any reason why a refiner or a sales agent of a sugar refiner should be afraid of publicly announcing his price basis, or why such an announcement would disturb the market. As you know, the competition in the sugar business is so keen that it is more or less known all over at what prices the various brands of sugars are offered or available in the market, and therefore we do not see where the publicly naming of a price would be more disturbing than secret quotations publicly known. Just the contrary, as long as the refiner or the sales agent for a refinery publicly announces the price, he puts on the cards on the table, and if such refiner or sales agent thereafter follows the ethical practices of the trade of sticking to such publicly announced prices, he tends to eliminate criticism and disturbances, as otherwise he subjects himself to criticism and suspicion as to whether he has one price for all his customers or different prices for different customers. He also eliminates suspicion and criticism as to whether he makes special price concessions or any direct allowances to larger buyers and thereby discriminates against smaller distributors.

We naturally would like to see everybody cooperate and strictly follow the ethical practices, same as we do, and as established by the Sugar Institute. Of course, we do not object to a refiner or to a refiner's sales agent coming out openly and admitting that he does not follow these ethical practices, but we strongly object to a refiner

or refiner's agent, making it appear that he was conducting his business on such an ethical basis, sitting in at conferences at the Sugar Institute, voting on certain ethical practices, and then go out and indulge in practices which tend to strike at the very heart of such ethical practices, or, in other words, to make the rest of the re-
2581 finers, or refiners' agents, live up to the rules and ethics of the sugar trade so as to make it easier for themselves to sell their own product by not following said practices. For that reason, we do not propose to attend any more conferences at the Sugar Institute where any representatives of such concerns are present. It is our idea that unless a concern has no good reasons for adopting secret price policies, there is no reason for not publicly announcing their price basis and sticking to it, especially so when their product is at par to the product of its competitors and they are able to give the same service otherwise.

We are so strongly in favor of conducting business on an ethical basis and so strongly in favor of cooperating with the rest of the refiners, that we have hesitated for quite some time to follow the practices of others and have sold our sugars at prices publicly announced. However, if other concerns should not follow these practices, then we naturally will have to take steps to protect ourselves and adjust our policies accordingly, much as we would regret to do so. In our estimation such practices are bound to revert to the deplorable conditions existing in the sugar business prior to the formation of the Sugar Institute.

We always maintain that the sugar business should be conducted in such a way that it is fair to the competition, to the trade, and to the principals.

Yours very truly,

2582 *Government Exhibit 364–A*

[Copy]

L. W. & P. ARMSTRONG,
November 26, 1929.

THE SUGAR INSTITUTE,
129 Front St., New York City.
(Attention Mr. Taylor, Executive Vice Sec'y.)

GENTLEMEN: In view of the fact that in spite of our recent complaints our competition still continues doing business outside of the rulings as established by the Code of Ethics of The Sugar Institute, we are very sorry indeed to inform you that beginning our new crop season we will have to change our policies to meet this competition. While we will continue to follow the Code of Ethics as much as possible, at the same time there will be certain deviations necessary. We have to put you on notice now to this effect, as we are lining up our business policies for the coming crop at the present time.

You will realize that we have tried everything possible to prevent any such change in our policies for the benefit of all concerns interested in upholding and improving the ethics in the sugar business, and very much regret that we are forced to take this step in the absence of cooperation on the part of our competition.

We also would like to inform you that once we change our policies we cannot very well return to our old way of doing business, if our competitors later on should see the wisdom of changing theirs. You will realize that by our meeting the competition, both we and our competitors are only bound to suffer at the end, and we shall regret it very much if our competitors should see this point too late, as once we have changed our policies we will have to stick to them.

We wish to thank you very much for all your past efforts in bringing about better conditions in our behalf and in behalf of our other friends in the sugar business.

Yours very truly,

2583 *Government Exhibit 365*

[Copy]

L. W. & P. ARMSTRONG,
July 10, 1929.

SUGAR INSTITUTE, INC.,
129 Front St., New York City.
(Attention Judge Ballou, Sec.)

DEAR SIR: The writer indicated to you already last week that we were following all the other refiners in enforcing the thirty-day provision on our future sales. Immediately after the meeting at the Institute, we forwarded to all our connections copies of your circulars, and have furthermore prepared special letters for them, and had rubber stamps made. Unfortunately the recent advance came a little premature, and we therefore made the announcement at the time we advised our price, and immediately forwarded to all our brokers the rubber stamp as per copy below. We hope that this new move will work out to the satisfaction of everyone, as we naturally are very much in favor of seeing the general enforcement of this provision.

We take the opportunity of reminding you again of our suggestions made a long time ago as to a universal contract form on the part of all refiners, as well as the setting up of an arbitration body in the refined sugar business, which we feel would be the most logical enforcement agency.

"In case no shipping instructions are furnished to the seller within 30 days from the date of this contract for the contract quantity or part thereof, the seller has the option of shipping the goods or the balance due on contract, or may hold the buyer for breach of contract and resell such goods for account of the buyer, and the

buyer agrees to reimburse the seller for such cost of resale, plus any eventual losses on account thereof. Any controversy or claim arising out of or relating to this sale or contract, or for the breach thereof, shall be by selled by arbitration under the rules of the American Arbitration Association, and judgment may be entered on the award in any Court having jurisdiction."

Yours very truly,

2584 *Government Exhibit 365–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 7th, 1929.

To: The Members of the Sugar Institute, Inc.

GENTLEMEN: It was decided at the Director's Meeting on August 2nd that each member should supply the Enforcement Committee with a report of the progress of deliveries on 5¢ contracts as of close of business August 7th. Information should include amounts for which specifications have not been received; also amounts undelivered to that date, and the status of the accounts of all exceptionally large buyers, and should be in our hands early Thursday morning.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2585 *Government Exhibit 365–B*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 5th, 1929.

L. W. & P. ARMSTRONG,
96 Wall Street, New York City, N. Y.
(Attention Mr. John Bass.)

GENTLEMEN: We are in receipt of your letter of August 1st, enclosing circular which you have sent to the trade requesting shipping instructions on your contracts of July 9th before expiration date.

We appreciate your action in this matter, and are enclosing herewith copies of letters which the members of the Sugar Institute are generally sending to the trade, and we are very hopeful that this action will result in the establishment of a strict enforcement of contracts according to their terms.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2586 *Government Exhibit 365–C*

Proposed letter to be used on nonguaranteed contracts and Texas

DEAR SIR: Referring to the notice given in connection with the contracts of July 8th and 9th, at basis 5 cents per 100 pounds, this Company will insist upon the prompt withdrawal of all sugar in accordance with the terms of such contracts.

Complete specifications must be in our hands not later than Friday, August 9th. No specifications calling for shipping at a later date will be accepted.

If complete specifications are not in our hands at the close of business on Friday, August 9th, we shall be obliged to complete your contract by shipping your unwithdrawn balance in 100-pound bags of bulk granulated sugar. We will not make any exception to this rule.

This notice is in line with the policy of this Company as to strict enforcement not only of the contracts above specified but all subsequent contracts.

2587 *Government Exhibit 365–D*

Proposed Letter to be Used on Guaranteed Contracts

DEAR SIRS: Referring to the notice given in connection with the contracts of July 8th and 9th, at basis 5 cents per 100 pounds, this Company will insist upon the prompt withdrawal of all sugar in accordance with the terms of such contracts.

Where delivery is not to be made from consigned stocks, all specifications must be in our hands not later than Friday, August 9th. No specifications calling for shipment at a later date will be accepted. If complete specifications are not in our hands at the close of business on August 9th, we shall be obliged to complete your contracts by shipping your unwithdrawn balance in 100-pound bags of bulk granulated sugar.

If you indicate to us that you desire delivery from consigned stocks, where such stocks are carried by us, you will be permitted to withdraw such stocks on or before August 21st. In the event you do not complete your contracts by withdrawing from consigned stocks by the close of business on August 21st, any balance not so delivered will be delivered to you immediately after the expiration of such date in 100-pound bags of bulk granulated sugar. We will not make any exception to this rule.

This notice is in line with the policy of this Company as to strict enforcement not only of the contracts above specified but all subsequent contracts.

2588 *Government Exhibit 365–E*

THE SUGAR INSTITUTE, INC.,
August 8, 1929.

L. W. & P. ARMSTRONG:

The Enforcement Committee recommended resolution to the Executive Committee which was passed this afternoon, and as result all New York refiners have posted following notice in reference to deliveries of five-cent contracts:

"(1) All contracts on which specifications have been furnished on or before close of business on August 9th will be shipped or delivered immediately to the limit of our capacity—shipping or delivering all customers in proportion to the total amount of their undelivered five-cent sugar.

"(2) On all contracts on which specifications have not been furnished and where there is no question of customers' credit shipments or deliveries will be made immediately and in preference to shipments on contracts on which specifications have been furnished.

"(3) On all contracts (both those on which specifications have been furnished and those on which specifications have not been furnished by close of business on August ninth) where there is a question of customers' credit, shipments or deliveries will be made immediately up to the limit of the customers' credit and a demand made not later than Monday, August 12th, for cash to cover the balance of the contract which is beyond customers' credit limit. Cash funds must be in our hands not later than Tuesday, August 13th, and if such funds are not received at such time, customer is to be considered in breach of contract and will be so notified."

THE SUGAR INSTITUTE.

2589 *Government Exhibit 365–F*

[Copy of Outgoing Telegram (mimeographed)]

This telegram sent to 14 Directors—C. & H., Armstrong and Pike.

AUGUST 9, 1929.

In the interest of checking enforcement program to conclusion please wire us daily Report of Progress in both guarantee and non-guaranteed territory, showing amount unshipped, amount specifications not received. Also, total withdrawals from consignment and total direct shipments from refinery against five-cent contracts. Also, total deliveries hundred-pound bags against unspecified contracts.

THE SUGAR INSTITUTE.

(Institute files.)

2590 *Government Exhibit 365–G*

(Letterhead of The Sugar Institute, Inc.)

129 FRONT STREET,
New York, August 19th, 1929.

Sent to Pike; Armstrong.

Memorandum

The following telegram has been sent to our members today:

"Enforcement Committee requests report of exact status of deliveries guaranteed contracts close of business tonight STOP. Please also report undelivered balances, if any, on thirty-day five-cent contracts giving cause of delay STOP. Please transmit night wire tonight. Sugar Institute."

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Institute files.)

2591 *Government Exhibit 366*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 13th, 1930.

To Members of the Sugar Institute:

Re: Consignment Points (Domestic Bureau)

GENTLEMEN: On consideration of the attached list of consignment points recommended by the Domestic Bureau to its members as being sufficient to serve the industry in the territory to which it refers, you expressed yourselves as being of the same opinion.

You will, therefore, immediately confine your shipments to such points.

Please report to us the balance of stocks on hand and in transit at the various points being withdrawn in the States comprising this list, as of January 15th, giving the name of the Warehouse where stocks are located in each instance.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2592 *Government Exhibit 366–A*

DOMESTIC SUGAR BUREAU,
Chicago, Illinois, January 8, 1930.

Consignment Points

To the Members:

The Consignment Point Committee has recommended that the following list of consignment points could very sufficiently serve the industry, and to be effective as of January 10th, 1930:

Indiana: Evansville, Gary, Hammond, Indianapolis.

Iowa: Burlington, Cedar Rapids, Centerville, Chariton, Clinton, Council Bluffs, Creston, Davenport, Des Moines, Dubuque, Estherville, Fort Dodge, Fort Madison, Iowa City, Iowa Falls, Keokuk, Marshalltown, Mason City, Muscatine, Ottumwa, Sioux City, Waterloo.

2593 Kansas: Anthony, Chanute, Coffeyville, Hutchinson, Independence, Iola, Junction City, Parsons, Salina, Topeka, Wichita.

Minnesota: Duluth, Mankato, Minneapolis, Minnesota Transfer, Pipestone, Rochester, St. Paul.

Nebraska: Beatrice, Columbus, Crawford, Grand Island, Hastings, Kearney, Lincoln, Nebraska City, Norfolk, North Platte, Omaha.

North Dakota: Bismarck, Fargo, Grand Forks, Jamestown, Minot, Williston.

Oklahoma: Oklahoma City, Tulsa.

South Dakota: Aberdeen, Milbank, Mitchell, Sioux Falls, Watertown, Yankton.

Wisconsin: Eau Claire, Green Bay, Milwaukee, Superior.

Yours very truly,

DOMESTIC SUGAR BUREAU,
J. O. DOUGLAS,
Executive Secretary.

2594 *Government Exhibit 366–B*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 22, 1930.

Mr. JOHN BASS,
L. W. & P. Armstrong, 96 Wall Street, New York, N. Y.

DEAR MR. BASS: Attached are various excerpts from the Minutes of the proceedings of our Directors' Meeting of January 16th, some of which will no doubt be of interest to you.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2595 *Government Exhibit 366–C*

The excerpts from the Minutes of the Directors' Meeting of January 16, 1930, contained in Exhibit 366–C (filed with the Clerk of the Supreme Court in lieu of printing) and referred to in Exhibit 366–B are the minutes in Exhibits 21–26 beginning with the topic "Non-Rebating Warehouse Agreements", page 368, and ending with and including the topic "Brokers Handling Foreign Sugar", pp. 373–374.

2596 *Government Exhibit 366–D*

[Copy]

L. W. & P. ARMSTRONG.
January 24, 1930.

THE SUGAR INSTITUTE,
129 Front St., New York City.
(Attention Mr. Van Buren.)

GENTLEMEN: May we ask you to please let us know whether the following warehouse has been approved for storing refined sugars, Doss Transfer Company, Nashville, Tenn.?

Yours very truly,

L. W. & P. ARMSTRONG.

2597 *Government Exhibit 366–E*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 29, 1930.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.
(Attention Mr. A. Heyden.)

GENTLEMEN: Referring to your letter of January 24th in regard to the Doss Transfer Company, Nashville, Tennessee, we are bringing this matter to the attention of the Enforcement Committee in accordance with our custom when we receive applications for instituting storage in warehouses not on the present list in so-called Southern Territory.

We will advise you as soon as the Enforcement Committee has acted on this matter.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRANCIS R. VAN BUREN.

2598 *Government Exhibit 366–F*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 4, 1930.

Mr. A. HEYDEN,
L. W. & P. Armstrong, 96 Wall Street, New York, N. Y.

Subject: Warehouses.

MY DEAR MR. HEYDEN: We have received your letter of January 24th in which you ask if the Doss Transfer Company, Nashville, Tennessee, has been approved for storing refined sugars.

We circulated this warehouse among our members and have received no complaints against it.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

2599 *Government Exhibit 366–G*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 4, 1930.

Mr. A. HEYDEN,
L. W. & P. Armstrong, 96 Wall Street, New York, N. Y.

Subject: Warehouses.

DEAR MR. HEYDEN: We wrote you today stating that we had no complaints against the Doss Transfer Company, Nashville, Tennessee. Since writing our former letter we have received telegraphic advice that the Doss Transfer Company rents a storehouse from Derryberry Grocery Company.

If this *complaint* is correct, it will, of course, *prohibit the use of this warehouse under the Resolution* of May second. If you wish, we will be glad to have an investigation made of this warehouse.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

2600 *Government Exhibit 367*

[Copy]

L. W. & P. ARMSTRONG,
December 10, 1929.

THE SUGAR INSTITUTE,
129 Front St., New York City.
(Attention Mr. Van Buren.)

GENTLEMEN: We refer to telephone conversation had with you the other day relative to the *manner in which payments should be made on invoices* of sugar purchased on the so-called "four-payment plan." There seems to be some misunderstanding as to the actual way in which these bills should be paid; that is, whether payment should be

made immediately on invoicing or seven days after date of invoice. We would appreciate your checking this matter up for us again with National and American, and give us this information in writing. We are particularly interested in the method of collection on four-payment sales in North Carolina.

Yours very truly,

L. W. & P. ARMSTRONG.

2601 *Government Exhibit 367–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 18, 1929.

In reply refer to W–128.

Mr. A. HEYDEN,
L. W. & P. Armstrong, 96 Wall Street, New York, N. Y.

MY DEAR MR. HEYDEN: In accordance with your request and in order to keep your records up to date, please be advised that in the matter of the car of sugar unloading at the warehouse of Hershey's broker in Birmingham, Alabama, this car was ordered previous to the final action of the Southern Committee in regard to warehouses in Southern Territory. Shipment could not be made from Mobile and the order was referred to the New Orleans Office. At that time shipment could not be made direct from New Orleans, but a car was diverted in transit, arriving in Birmingham after the warehouse was officially discontinued by H. H. Pike & Company for storage of Hershey's sugars.

We have been assured by H. H. Pike & Company that no further shipments will be made to this warehouse and that all consignments in the future will be carried in the Wittichen Transfer Company.

Very truly yours,

THE SUGAR INSTITUTE, INC.
FRANCIS R. VAN BUREN.

2602 *Government Exhibit 367–B*

[Copy]

L. W. & P. ARMSTRONG,
Dec. 23, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Att. Mr. Fred G. Taylor, Executive Vice Sec.)

GENTLEMEN: We have not received from you excerpt from the Minutes of the recent Directors' meeting of the Sugar Institute in connection with the new brokerages to be given by the various refiners, and since we propose to work same as any other refiner in this respect we would appreciate it very much if you would kindly let us know what other refiners are doing in regards to brokerages in the various territories. We understand from several sources that sev-

eral refiners are giving brokerages of 5¾¢ per bag on out-of-town business, and while we have never paid more than 4½¢ on said business, it naturally would mean larger expense to us, which we have to meet if other refiners are going to do that, and for that reason we want to know officially from you what is being done, as we do not like to *discriminate* or give our brokers any less than the other Institute members are giving.

Thanking you in advance for your courtesy, we remain,

Yours very truly,

2603 *Government Exhibit 367–C*

[Copy]

L. W. & P. ARMSTRONG,
Dec. 30, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: We herewith ask you to kindly let us know on what freight prepaid basis the American, National, McCahan, and Pennsylvania sell to Erie, Pa., and Pittsburgh, Pa.

Yours very truly,

2604 *Government Exhibit 367–D*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 31, 1929.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.

GENTLEMEN: In reply to your letter of December 30th, the prepaid selling rate in Erie and Pittsburgh, Pennsylvania, is 32¢ which the Philadelphia all-rail rate.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER,
Office Manager.

2605 *Government Exhibit 367–E*

[Copy]

L. W. & P. ARMSTRONG,
Jan. 2, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City.

GENTLEMEN: We would be much obliged to you if you will kindly let us know what the list price on Viscaya and Lemones sugars is today, and whether or not these sugars are available to the general trade or are reserved for particular customers. We would also ask you to kindly let us have regular price announcements in connection with these two brands.

Thanking you in advance for your courtesy, we remain

Yours very truly,

2606 *Government Exhibit 367-F*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 7, 1929.

Mr. JOHN BASS,
L. W. & P. Armstrong, 96 Wall Street, New York, N. Y.

Re: Price Announcements

DEAR MR. BASS: In answer to your recent request, I give you the following announcements made by Lamborn & Company and Lowry & Company:

"December 16, 1929—11:00 a. m.
Effective immediately, the price of LaVizcaya sugar is advanced to 5.05 basis, both prompt shipment and thirty days' delay.
Lamborn & Company, Inc."

"December 17, 1929.
At the close of business tonight, our price on LIMONES will be 5.05.
Lowry & Company, Inc."

We will be glad to post you on future price changes as announced by the above Companies.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Per W. W. PATTERSON.

2607 *Government Exhibit 367-G*

[Copy]

L. W. & P. ARMSTRONG,
Jan 6, 1930.

THE SUGAR INSTITUTE,
129 Front St., New York City.
(Att. Mr. W. W. Patterson.)

GENTLEMEN: We thank you for your today's telephone information to the effect that the refiners at the next Executive meeting on Thursday will define the words "prompt" and "delayed" in reference to the price application, and we would be much obliged to you if you would kindly keep us posted immediately so that when the next selling movement occurs *sales will be made on a uniform basis.* In other words, if the words "prompt" and "delayed" should be left to individual interpretation, there would be quite some chaos and it would, furthermore, lead to price *discrimination.*

We also expect to get from you soon a letter giving us the list price of Viscaya and Lemones sugars in accordance with promises recently made and resolutions adopted by the members of your Institute. We like to get these announcements regularly so that we can be guided accordingly in making our sales.

Thanking you in advance for your kind attention to this matter, we remain,

Yours very truly,

2608 *Government Exhibit 368*

[Copy]

DECEMBER 21, 1929.

Mr. HARRY G. THOMPSON,
Imperial Sugar Company,
Sugar Land, Texas.

DEAR HARRY: Mr. John Bass of L. W. & P. Armstrong Company, New York City, has informed me that they will offer Porto Rican granulated, known as "Snow White" during the coming year in the State of Texas. They will be represented by the Reinhart Morris Brokerage Company of Houston, Texas. Mr. Bass stated that it was his intention not to offer any large amount of sugar in Texas but the sugars that were sold would be marketed, as in the case of other territories, in strict accordance with the Code of Ethics.

We have found in the past that Mr. Bass has cooperated to the fullest extent and there has never been any question as to the fairness and integrity of his organization.

Mr. Bass also stated that it was his intention not to allow transiting of "Snow White" sugars, even to the extent of restricting deliveries to such points which are subject to abuse.

In order that he may be acquainted with the openly-announced freight applications posted by your refinery, would you have any objection to forwarding me two of your Texas rate sheets; also name me the approximately half-dozen points where transiting may occur, as I am not sure if I remember the full list of such points.

With best wishes for the Holidays and for the coming year, I am,

Cordially yours,

THE SUGAR INSTITUTE, INC.,
Statistician.

2609 *Government Exhibit 369*

[Copy]

L. W. & P. ARMSTRONG,
JULY 29, 1930.

THE SUGAR INSTITUTE,
129 Front St., New York City.

GENTLEMEN: We have a dispute with the Eavey Company of Richmond, Indiana, relative to the proper freight application to shipments to that point. We are giving you below date of shipment and routing, and would ask that you please investigate and confirm

to us the freight basis charged on those dates by members of your Institute.

June 7, all rail from Philadelphia.

June 23, Ocean and rail from Baltimore.

Thanking you for your cooperation in this respect, we remain,

Yours very truly,

L. W. & P. ARMSTRONG.

2610 *Government Exhibit 369–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 1st, 1930.

L. W. & P. ARMSTRONG,
96 Wall Street, New York City.
(Attention Mr. Hayden.)

GENTLEMEN: Replying to your inquiry regarding freight application to Richmond, Indiana.

On June 7th and June 23rd, the dates mentioned in your letter, Richmond was on a delivered price basis. The prepays to this point were based on the New Orleans, Savannah, or Philadelphia all-rail rate, whichever was lowest, irrespective of routing.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
L. A. ANDERSON.

(Armstrong file.)

2611 *Government Exhibit 370*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 17, 1930.

Mr. JOHN BASS,
L. W. & P. Armstrong,
96 Wall Street, New York, N. Y.

DEAR SIR: I have your letter of February 15th wherein you state you had been informed by your brokers that Viscaya sugars were being offered to up-State buyers with the understanding that they can *deduct 5¢* from the invoice price.

We would be pleased to investigate this report but without the names of the customers who are alleged to have received this deduction, it is difficult for us to proceed. Upon receipt of this information, we will take the matter up with Lamborn & Company.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Per W. W. PATTERSON.

2612 *Government Exhibit 370–A*

[Copy]

L. W. & P. ARMSTRONG,
February 20, 1930.

THE SUGAR INSTITUTE,
129 Front St., New York City.

GENTLEMEN: We are in receipt of your letter dated February 17, and very much appreciate your kind attention to our recent inquiry in connection with Viscaya sugars allegedly being offered upstate with a 5¢ concession. Of course, we always take these rumors with "a grain of salt", but they are rather persistent, and naturally no broker will name a buyer, being afraid of losing the business. While we do not believe these rumors, at the same time, if you can conveniently make an inquiry, we would very much appreciate it, if for nothing else but to stop these rumors from going around.

Thanking you for your kind attention to this matter, we remain,
Yours very truly,

2613 *Government Exhibit 371*

[Copy]

L. W. & P. ARMSTRONG,
Sept. 18, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: In accordance with the resolution of the Executive Committee meeting of the Sugar Institute on July 9, we are notifying our brokers at Detroit, Mich., that from and after August '30 *we will not absorb switching charges* on deliveries from consigned stocks to buyers' sidings.

Yours very truly,

L. W. & P. ARMSTRONG.

2614 *Government Exhibit 372*

[Copy]

L. W. & P. ARMSTRONG,
October 16, 1930.

THE SUGAR INSTITUTE,
129 Front St., New York City.

GENTLEMEN: We are reliably informed that Lamborn on the last two moves sold sugars on a sixty day contract. We are also reliably *informed that Lowry solicited business at New York State points on the basis of 4.25¢.* We have received no announcements through you that either of the above were selling on this basis, and we would

therefore ask you to check up and let us know whether or not the information we have is true.

There is a possibility, of course, that these two firms made an announcement after the move, of which we have not been posted. However, we think that it is the duty of the Institute to see to it that announcements are made while the move is in progress, so that the competition may know what is being done.

Yours very truly,

L. W. & P. ARMSTRONG.

2615 *Government Exhibit 372–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 24th, 1930.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.
(Attention Mr. A. Hayden.)

GENTLEMEN: We have your letter of October 16th, in which you state that Lamborn on the last two moves sold sugar on 60-day contracts.

This is denied by Lamborn & Co. However, if you care to name any specific accounts where extensions were alleged to have been granted, we will be pleased to check their records, as they have offered to allow us to do this at any time.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
W. W. PATTERSON.

(Armstrong files.)

2616 *Government Exhibit 372–B*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 24th, 1930.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.
(Attention Mr. A. Hayden.)

GENTLEMEN: We have your letter of October 16th wherein it is complained that Lowry & Co. are soliciting business at New York points on the basis of 4.25.

There is a possibility that Lowry's subbroker may have solicited business on this basis; however, Lowry & Co. state they have accepted no business on other than the 4.30 basis.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
W. W. PATTERSON.

2617 *Government Exhibit 373*

[Copy]

L. W. & P. ARMSTRONG,
December 1, 1930.

The SUGAR INSTITUTE,
129 Front St., New York City.

GENTLEMEN: With further reference to our letter concerning the apparent doubling of contracts in Texas made on the $4.35 basis, we herewith quote you part of a letter which we received today from one of our Texas agents reading as follows:

"There is a situation in both Dallas and Fort Worth at the present time which is rather difficult to explain. Jobbers are offering to sell the candy manufacturers Cane Granulated at $4.82 (4.35 basis). It is obvious that this is absolute cost figuring 2-percent discount, and one would have to be rather credulous to believe that these jobbers would be working their heads off to sell and deliver Sugar at absolute cost. We can't conceive of any other explanation than that a few of the larger jobbers secured some kind of a concession."

This price is equivalent to a price basis of $4.35, and it is unexplainable to us why a jobber should sell sugars today on the basis of $4.35 when sugars cannot be obtained from refiners under $4.75 basis. As a matter of fact, even if a buyer should have overbought on the $4.35 basis on October 9, we do not understand why he should sell the sugars today at the same price level when the market is forty points up, and the buyer furthermore had some work in connection with booking this business. All this information leads us to believe there is *something radically wrong in Texas*, and we hope that you will be able to find out the cause. In the meantime, we are trying to find out some facts to submit to you as well as the jobbers' names who are offering to sell sugars today on the 4.35 basis.

Yours very truly,

2618 *Government Exhibit 373-A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 12, 1930.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.

(Attention Mr. John Bass.)

GENTLEMEN: We have your letter of December 1st wherein you mention that jobbers are offering to sell candy manufacturers at Dallas and Fort Worth, Texas, cane granulated at 4.35 basis.

Since writing this letter you have received the Institute's report of the sales of Damaged Sugar and Frozen Stocks for the month of November 1930. You will note on page 4 that the Imperial Sugar

Refining Company sold the Cooper Grocery Company of Waco, Texas, 3,198 bags at 4.50 net and Leonard Brothers, Ft. Worth, Texas, 17,352 bags at 4.31 net because of hardened condition.

We have requested our New Orleans representative to investigate the condition of these sugars.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
Per W. W. PATTERSON.

2619 *Government Exhibit 374*

[Copy]

E. W. & P. ARMSTRONG,
December 23, 1930.

THE SUGAR INSTITUTE,
129 Front Street, New York City.

GENTLEMEN: We herewith beg to inform you that we are advised that the Pennsylvania and American are extending the time for delivery and payment on the November 14th contracts to a considerable extent, and *have extended the time of payment* until after the first of the year. This could be a *violation of the Code of Ethics*, and for that reason *we would like to have you stop this practice immediately.*

Please do not divulge the source of the information, and oblige,

Yours very truly,

2620 *Government Exhibit 375*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 1st, 1931.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.
(Attention Mr. John Bass.)

GENTLEMEN: A statement has been received by this office wherein it is alleged that your representative, T. S. Southgate, has written letters to certain jobbers in Virginia offering to ship Snow White sugar to them on consignment to be paid for as used.

Will you kindly look into this matter and advise us as to your findings.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
W. W. PATTERSON.

2621 *Government Exhibit 375-A*

[Copy]

L. W. & P. ARMSTRONG,
May 2, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Att. Mr. W. W. Patterson.)

GENTLEMEN: We are in receipt of your letter, dated May 1, in connection with a statement you have received whereby it is alleged that T. S. Southgate has written letters to certain jobbers in Virginia offering to ship "Snow White" sugar to them on consignment to be paid for as used.

We have immediately called up Southgate on the telephone, and they advised us that this information is a pure fabrication, and promised to confirm this in writing.

As far as we are concerned, please be advised that we keep a very careful check of the delivery dates in accordance with the warehouse withdrawals, freight bills of lading, and the freight paid receipts, and we do not see how under these circumstances a buyer may expect such a concession without our knowledge. Needless to say that our files are open to you for this purpose, and we wish that you would kindly ask your informant to supply you with facts backing up his allegations, such as a letter written by Southgate or any particular shipment that he may have referred to, and we will be very glad, indeed, to look very carefully into this matter whenever you present any such facts.

Thanking you for your kind advices, we remain,
Yours very truly,

2622 *Government Exhibit 376*

[Copy]

L. W. & P. ARMSTRONG,
June 8, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: We are informed that D. E. Taylor & Company in Norfolk, Va., have a large amount of Cuban-American refined sugar on consignment which they have sold and are offering at unannounced prices considerably below refiners' list price.

We give you this information strictly confidential and ask you to kindly investigate this matter and find out at what prices they have been selling these sugars and are offering the sugars today, as we believe that it would be very poor policy to sell sugars at unan-

nounced terms and prices, as in the end they would only hurt themselves by doing so.

Thanking you in advance for your kind information, we remain,

Yours very truly,

2623 *Government Exhibit 376–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 16, 1931.

L. W. & P. ARMSTRONG,
96 Wall Street, New York, N. Y.
(Attention Mr. John Bass.)

GENTLEMEN: We have your letter of June 8th in reference to the offerings of Cuban-American refined sugar by D. E. Taylor & Co., of Norfolk, Va.

We are informed that as yet no sales have been made of these sugars, partially due to the recent fire which destroyed Taylor & Company's office and records. However, the Cuban-American Sugar Company state that when these sugars are offered to the trade, it will be at an openly announced price. We will be pleased to inform you immediately upon receipt of this information by this office.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
W. W. PATTERSON.

2624 *Government Exhibit 377*

[Copy]

L. W. & P. ARMSTRONG,
June 17, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Att. Mr. Patterson.)

GENTLEMEN: As previously advised you, there seems to be some kind of laxity on the part of some refiners in collecting their bills promptly, especially in the Southern territories, which is some sort of an indirect concession and hurts the business considerably. Furthermore, it is very bad from a credit point of view. We find considerable sales resistance on account of our being strict in the enforcement of our terms and herewith quote part of a letter which we received today from one of our Southern friends, which is self-explanatory:

"We are very much disappointed in the volume of sugar business we are getting and wish something could be done to cause Armstrong to loosen up a little bit with some of our customers. Other sugar refiners seem to be doing business as usual and excepting one or two cases we do not know of any former customers who are in any imme-

diate danger of going broke. The very liberal policy of Savannah Sugar Refinery Company has spoiled most of the trade here and caused them to be a little lax in settling their sugar bills promptly. After sifting the thing out carefully we have come to the conclusion that this is the cause of all the trouble. Our customers argue that other refiners do not object if they delay payment of their bills for several days and feel that Armstrong should treat them the same way."

Yours very truly,

2625 *Government Exhibit 377–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 24, 1931.

Mr. JOHN BASS,
L. W. & P. Armstrong, 96 Wall Street, New York, N. Y.

DEAR MR. BASS: We have your letter of June 17th, in reference to the alleged laxity of Savannah Sugar Refining Company in enforcing their payment terms.

We have placed this matter on the Agenda for the next meeting of the Board of Directors.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
W. W. PATTERSON.

2626 *Government Exhibit 378*

[Copy]

L. W. & P. ARMSTRONG,
July 21, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

(Att. Mr. Fred G. Taylor, Executive Vice Secretary.)

GENTLEMEN: We are in receipt of your circular of July 20 and beg to advise you that we do not allow any retransiting or any circumvention of the freight structures in any form whatsoever. We are very particular in this respect and even where any transaction may look all right on the surface, but where we suspect the possibility of circumvention, we refuse to sell no matter how important the account may be. Undoubtedly you know that from our past experiences which we communicate to you from time to time.

While undoubtedly the new freight structures will lend themselves to retransiting and diversions, we are trying to cope with this possibility by not shipping at all by rail to points where arbitrary low freight rates exist as announced by our competition, which, of course, is the simplest way to do away with retransiting or diverting of cars. In Texas, where we understand retransiting is still being done, we simply refuse to ship to any points which lend themselves to retransiting. We understand that in Oklahoma sugars are being

retransited in connection with shipments to Durant by Pacific Coast refiners.

In regards to your further inquiry, please be advised that all warehouse stocks, including warehouse stocks in transit points, are all carried in the name of L. W. & P. Armstrong, and that we are keeping a very careful check in connection with all the movements of these sugars.

Yours very truly,

2627 *Government Exhibit 378–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 20th, 1931.

To All Members of the Sugar Institute, Inc.

GENTLEMEN: We have recently issued a circular regarding diversions and reconsignments, calling attention to the provisions of the Code Interpretations on this subject. To assist us in our study of this question, we would ask you kindly to inform us whether you have had recent cases of unauthorized diversions or reconsignments, and if so, whether they have been handled by you in accordance with the provisions of the Code Interpretations, Section 1, page D2, para. C.

We also desire to complete our files with reference to the resolution adopted by the Executive Committee on July 9, 1930, reading as follows:

"RESOLVED, that all transit balances now outstanding be registered in the name of the refiner who shipped the sugar.

THAT all shipments of sugar from Indianapolis on transit billing should be in the name of the refiner whose sugar is being forwarded, and

THAT transit billing must not be surrendered to customers on any sugars delivered locally, transit billing on such deliveries to be cancelled in accordance with railroad tariffs.

It is recommended that refiners instruct all warehouses in which they now carry stocks of this action, and it is further recommended that each refiner notify the Central Inspection and Weighing Bureau of these instructions to warehouses, with a request that the Bureau police the transactions accordingly."

While this Resolution referred particularly to Indianapolis, we understand that some refiners thought it was desirable to apply it in all territory, and therefore circularized all their sales agents to follow this procedure, and notified the freight inspection bureaus that they had issued such instructions. We are not advised whether all refiners took similar action. Will you, therefore, please advise us what action you took, and supply us, for our files, with a copy of your circular or instructions issued in the matter.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2628 *Government Exhibit 379*

The following are three typical sheets from Exhibit 379 (filed with the Clerk of the Supreme Court in lieu of printing), a loose-leaf notebook of selling terms and freight selling bases supplied by the Institute to all members:

2629

THE SUGAR INSTITUTE, INC.,
July 30, 1930.

Freight Selling Basis—Alabama No. 7

Announced Selling Basis—Cancels Alabama No. 6

New Orleans or Savannah all rail, or Federal barge rate whichever is lowest, on shipments from refinery or from transit stocks and on deliveries from consigned stocks or under Four-Payment Plan.

2630 THE SUGAR INSTITUTE, INC.,
June 2, 1930.

Selling Terms—Alabama No. 8

Cancels Alabama No. 7 and contains all changes

The following terms are taken from Refiners' contracts and announcements now in effect:

Rail Delivery Terms: 2% if paid within 7 days after arrival.

Consignment Delivery Terms: 2% if paid within 7 days after date of withdrawal order.

Guarantee Terms: No guarantee in effect.

Differential Terms: Barge shipment from New Orleans, 2% if paid within 14 days from date of shipment.

Special Terms on Rail Shipments only—

Four-Payment Plan now in effect.

Deferred-Payment Plan on firm contracts now in effect.

2631 THE SUGAR INSTITUTE, INC
February 25, 1930.

Freight selling basis—Arkansas No. 4

Cancels Arkansas No. 3

Announced Selling Basis

New Orleans rail rate.

Differential shipments

If customer so requests, shipments may be made by barge from New Orleans, to points where such rates are quoted, and invoiced at the barge rate.

2632 *Government Exhibit 380*

The following are three typical sheets from Exhibit 380 (filed with the Clerk of the Supreme Court in lieu of printing), a loose-leaf notebook of Consignment Points, Reconsignment Points, Reconsignment Warehouses, and Ports of Entry supplied by the Institute to all members:

2633 THE SUGAR INSTITUTE, INC.
RECONSIGNMENT WAREHOUSES,
November 26, 1930.

Alabama No. 2

Cancels Alabama No. 1 and contains all changes.

The following warehouses are used for reconsignment purposes only, the stocks under no condition to be delivered locally.

City or town	Warehouse	Used by
Birmingport	Mississippi Warrior Terminal	Godchaux. Colonial. Henderson. American.
Holt	Mississippi Warrior Terminal	Godchaux. Colonial. Henderson. American.

2634 THE SUGAR INSTITUTE, INC.,
January 22, 1930.

Consignment Points

Alabama no. 1

In accordance with Section 5 of the Code of Ethics, the Institute recommends that consignments be confined to the following points:

Consignment points: Birmingham, Montgomery.

Reconsignment points: Birmingport, Holt.

(No sugar to be delivered locally except in carload quantities by switch movement of carrier.)

Port of entry: Mobile.

2635 THE SUGAR INSTITUTE, INC.,
October 1, 1930.

Consignment Points

Arkansas no. 1

Supplement no. 3

Cancels supplement no. 2 and contains all changes

The points referred to in Arkansas no. 1, dated January 22nd, 1930, at which there are consignments, are as follows:

Blytheville, Fort Smith, Little Rock, Paragould, Pine Bluff, Russellville.

In addition, the following points have been added by members:

El Dorado, Fayetteville, Hot Springs, Jonesboro.

Rogers—discontinued by Savannah (only member using) Sept. 30, 1930.

2636 *Government Exhibit 381*

The following are three typical sheets from Exhibit 381 (filed with the Clerk of the Supreme Court in lieu of printing), a loose-leaf notebook containing lists of Brokers approved by the Institute and supplied by it to all members:

2637 THE SUGAR INSTITUTE, INC.,
December 2, 1930.

BROKERS LIST

New York, No. 3—Supplement No. 18

Supplements No. 7, 15, 17, and 18 contain all changes.

ADDITIONS

City or town.	Broker	Refiner
Buffalo	Snow, C. M. & Company	McCahan.
Syracuse	Snow, C. M. & Company	McCahan.

THE SUGAR INSTITUTE, INC.,
November 25, 1930.

BROKERS LIST

New York, No. 2—Supplement, No. 17

Cancels Supplement No. 16. Supplements No. 7, 15, and 17 contain all changes.

ADDITIONS

City or town	Broker	Refiner
Albany	Mulligan, Geo. E	Revere.
Buffalo	Snow, C. M., & Company	Penna.[1]
New York	De Bevois, C. Richmond	American.
	Dyer, B. W., & Company	Godchaux.
	MacKenzie, E. S	American.
Rochester	Meyers, Arthur W	Revere.

DEDUCTIONS

Buffalo	Christgau, George J	National.[1] Arbuckle.[1] Spreckels.[1]

[1] Indicates changes since last issue.

2639

THE SUGAR INSTITUTE, INC.,
November 12, 1930.

BROKERS LIST
New York, No. 3—Supplement No. 15

Cancels Supplements No. 12 & 14. Supplements No. 7 and 15 contain all changes.

ADDITIONS

City or town	Broker	Refiner
Buffalo	Klein, Harry J	Revere.
	Whelan, Irving J	American.[1]
Kingston	Craft, R. E	National. American.
New York City	Connell Rice & Comm. Company	National.
	Cooper, Fred B. Company, Inc	Godchaux. Spreckels.
	De Bevois, C. Richmond	Arbuckle. National.
	Dohrman, F. K. & Company	Penna.
	Fuchs, Charles	Spreckels.
	Henry's, L. B. Sons	Revere.
	Lehmann, George C	Revere. National. Spreckels.
	Mac Kenzie, E. S	Spreckels. Arbuckle. National.
	Perley, V. C	Revere.
	Tausek, Maxwell & Company	Revere.
	Tripp, Arthur F	McCahan.
Rochester	Packard Brokerage Company	Arbuckle.
Syracuse	Whitcomb & Company	Arbuckle.[1]
Utica	Wright, Leslie H	National.

DEDUCTION

Buffalo	Christgau, George J	American.

[1] Indicates changes since last issue.

2640 *Government Exhibit 382*

The following are three typical sheets from Exhibit 382 (filed with the Clerk of the Supreme Court in lieu of printing), a loose-leaf notebook, containing lists of Warehouses approved by the Institute and supplied by it to all members.

2641

THE SUGAR INSTITUTE, INC.,
December 1, 1930.

WAREHOUSE LIST

Illinois No. 9—Supplement No. 6

Supplements No. 5 and 6 contain all changes

ADDITIONS

City or town	Warehouse	Used by—
Champaign	McArty Storage Company	C. & H.
Rockford	Rockford Storage & Warehouse, Inc	Savannah.

2642

THE SUGAR INSTITUTE, INC.,
November 24, 1930.

WAREHOUSE LIST

Illinois No. 9—Supplement No. 5

Cancels Supplements No. 2 and 4 and contains all changes

ADDITIONS

City or town	Warehouse	Used by—
Centralia	McClelland Trans. Company	Western.[1]
Chicago	Nelson Warehouse & Express Co	American.
Clearing	Crooks Terminal Warehouse	Texas.
Duquoin	Owens Trans. & Storage Co	Western.
Elgin	Elgin Transfer & Stge. Co	McCahan.
Flora	Bell, John Feed & Stge. Co	Henderson.
Herrin	Lindsay Trans. & Storage Co	C. & H. Western.[1]
Mt. Vernon	Dixie Mill	Western.
Murphysboro	Ward, J. W	Western.
Rock Island	Rock Island Trans. & Stge. Co	McCahan.

DEDUCTIONS

Belleville	Merchants Trans. & Stge. Co., Inc	C. & H.[2]
Chicago Heights	Bates Trans. & Stge. Company	Godchaux.[1]
Flora	Friend, T. J. Warehouse Co	Henderson.[2]
Harrisburg	Blue Bird Warehouse Co	C. & H.
	Dorris Brothers	C. & H.[2]
Herrin	Lindsay Trans. & Stge. Company	C. & H.

[1] Indicates changes since last issue.
[2] Stocks now exhausted.

2642½

THE SUGAR INSTITUTE, INC.,
October 29, 1930.

WAREHOUSE LIST

Illinois No. 9

Cancels Illinois No. 8 and all Supplements and contains all changes

The warehouses in this list are not necessarily strictly public warehouses approved by the Institute, but are as reported to us by our members.

City or town	Warehouse	Used by—
Altamont	Altamont Manufacturing Co	Godchaux.
Alton	East End Supply Co	Godchaux. American.
Aurora	Martin Trans. & Stge. Co	Spreckels. American. Godchaux. C. & H. McCahan.
	Thompson Trans. & Stge. Co	American. Western. Spreckels. Penna. McCahan. Texas.
	Valentine Trans. & Stge. Co	C. & H. McCahan.
Beardstown	Maurer Transfer Co	Arbuckle. American.
Belleville	Batdorf, W. L. Co. Whse	C. & H.
	Hessler, F. J. & Sons	Godchaux.
	Merchants Trans. & Stge. Co., Inc	C. & H.
Benton	Cox Trans. & Stge. Co	American.
Bloomington	Johnson Trans. & Fuel Co	American. Penna. Western. Godchaux. McCahan. Spreckels. Colonial. Arbuckle. C. & H. Savannah.
Breese	Breese Grain Company	McCahan. C. & H.
Cairo	Cairo Whse. & Fwd. Co	American.
	Glynn's Trans. & Fireproof Storage	Godchaux. Godchaux.

2643

Government Exhibit 384

IMPERIAL SUGAR COMPANY,
January 24th, 1929.

Judge SIDNEY BALLOU,
Executive Sec'y, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

MY DEAR JUDGE: Referring to our conversation on my recent visit to New York relative to our Texas situation.

Being unable to secure a conference between you, Mr. Moog, Mr. Abbott, and myself on account of other pressing matters, I have decided to write you regarding the situation.

I will use Hearne, Texas, as a typical illustration of the situation. The delivered basis to Dallas, Texas, is figured on basis of *55¢*, which is an arbitrary basis made *17 points over the rate from Sugar Land of 36¢*—the delivered basis to Hearne is figured on the basis of 45¢, which is an arbitrary basis made 17 points over the rate from Sugar Land to Hearne of 28¢.

The rate from New Orleans to Dallas and Hearne is the same to both points, viz. 58¢. *Godchaux Sugars*, Inc., will book sugars with a Dallas jobber and ship these sugars from Dallas to Hearne on this contract and *permit the Dallas jobber* to transit this sugar from Hearne into Dallas, thereby defeating the delivered prepaid basis in Dallas of 13¢. They also permit their broker to do the same thing.

There is no public warehouse at Hearne, Texas, and arrangements have been made with the Schuhmacher Company for the use of their wholesale house at Hearne in the transiting of these sugars, and we have been reliably informed that the Schuhmacher Company gets so much per bag for the use of their warehouse in this manner.

The above concern also moves their sugars via boat from New Orleans to Houston, but sugars that are used in the manipulation of the transit privileges are not shipped out of Houston but out of New Orleans.

The writer has had several conferences in New Orleans with Mr. Moog relative to the situation, and so far *he has declined to stop this manipulation unless the Texas refiners would do certain things which at this time are impossible to do.*

We are calling this matter to your attention in this way because we firmly believe that by the manipulation of this transit at Hearne, which is typical, and at other points in Texas, so as to permit the jobbers of sugars in North Texas to get their sugars at destination lower than the established prepay basis, is in violation of the Code of Ethics Rules No. 3, under subheading No. 4, paragraph Nos. 1 and 4.

2644 The American Sugar Refining Company is familiar with this situation and with the manner in which it is being manipulated, and a copy of this letter is being sent to Mr. Abbott with the hopes that he will confer with you about it and see whether or not you agree with us that these transactions are in violation of the Code of Ethics, and if so, if you will *undertake to get the Godchaux Sugars, Inc., to immediately stop this manipulation.*

I might further state that if it is not stopped the Imperial, in order to protect their interests, *will be forced to do certain things that are not in violation of the Code of Ethics, but we would hate to put in effect* the plan we have in mind if some other solution can be arrived at.

Yours very truly,

IMPERIAL SUGAR COMPANY.
By (Sgd.) H. C. THOMPSON.

2645 *Government Exhibit 384–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 28, 1929.

Mr. J. MOOG,
Godchaux Sugars, Inc., 1012 Masonic Temple Bldg.,
New Orleans, La.

MY DEAR MR. MOOG: I did not find the time to discuss the freight situation at Hearne with you and Mr. Thompson as I had hoped. Since then I have been to Chicago and find the same complaint has been lodged with the *Domestic Sugar Bureau by the C. & H., the Great Western, and Utah-Idaho.*

The enclosed copy of letter from Imperial states the situation in detail as they see it. Besides Hearne, which is mentioned in the letter, *Mr. Douglas, of the Sugar Bureau, mentioned Cameron and Calvert as points where similar diversions could be made,* and Fort Worth as well as Dallas as a point where the freight application would be affected.

As thus stated, this has all the appearance of a diversion into higher netting territory of the kind that jobbers are trying to put over in all parts of the country, and which we are trying to correct by urging the tracing of cars to their destinations.

You intimated to me in New York that there was another side to this story and I am, of course, anxious to hear it.

I am sending a copy of these letters to the American and the Domestic Sugar Bureau.

Sincerely yours,

Executive Secretary.

2646 *Government Exhibit 385*

JANUARY 12, 1928.

Query

The California and Hawaiian Sugar Refining Company has never placed a differential on their coarse-grained sugar. Prior to the formation of the Institute in C. & H. territory Eastern refiners were generally allowing the trade the same differentials on coarse-grained sugar as applied by the C. & H.

Should we now sell these sugars only on our published differentials regardless of C. & H. competition?

C. H. WHITE, Jr.

Institute ruling.
(Hand-written notation:) Our differential apply.
(American files.)

2647 *Government Exhibit 385–A*

JANUARY 12, 1928.

Query

We have some sugars on consignment with Edgar's Sugar House in Detroit. W. H. Edgar and Son have not sufficient contracts on our books to cover these consigned sugars.

What should be our position as regards the consignment sugars in the way of storage and brokerage when they are not applied against contracts which existed prior to the formation of the Institute?

C. H. WHITE, Jr.

Institute ruling:

On sugars withdrawn from our consigned stock in Edgar's Sugar House in Detroit by W. H. Edgar & Son, which do not apply against contract booked prior to January 9th, only storage will be allowed.

(American files.)

2648 *Government Exhibit 385–B*

JANUARY 13, 1928.

Query

At the present time we are using an 11¢ rate on sugars shipped out from New Bern, North Carolina, to surrounding territory. This is an arbitrary rate that we put into effect some time ago, and since this is not a published rate the sugar carrying this rate might be considered as moving over a differential route.

This question has come up in our minds and we shall be glad to have a ruling in the matter.

C. H. WHITE, Jr.

Institute ruling: We will not be permitted to continue offering sugars out of New Bern at the differential rate of 11¢, which we are now quoting. The published rail rate must be used in the future. (This ruling is temporarily held up.)

(American files.)

2649 *Government Exhibit 385–C*

JANUARY 13, 1928.

Query.

The attached refers to cartage allowance that has been made where customers call at the refinery for their sugar.

In order that we may reply to this customer, we would like to have a ruling in the matter.

C. H. WHITE, Jr.

Institute ruling:
Cartage allowances have been approved as posted on our bulletin board this day.
(American files.)

2650 *Government Exhibit 385–D*

JANUARY 13, 1928.

Query

We have a request from a customer for a price on sugar in forward positions, i. e., Contract to be entered now, sugar to be withdrawn from March to July inclusive. This particular offer calls for drawback sugar, half of it to be used on the Coast and the remainder in the Middle West.

It is our understanding that you do not desire that we commit ourselves for any sugar beyond thirty days.

In order that we may be sure of our position, we shall appreciate a ruling on this point.

C. H. WHITE, JR.

Institute ruling:
No sugars are to be sold for delivery beyond thirty days.
(American files.)

2651 *Government Exhibit 385–E*

JANUARY 26, 1928.

Query

In connection with Federal Government business, in the past we have allowed our customers to settle their invoices in accordance with the settlement they receive from the Government, and in some cases they have not received payment from the Government until thirty days after the goods have been shipped. The Sugar Institute Code of Ethics condemns the practice of allowing discounts on overdue invoices.

This query is made in order that we may have a ruling which would cover handling of this business.

We understand that some refiners have bid direct on this Government business, and where they have been successful, the method of settlement as referred to above has been followed.

C. H. WHITE, Jr.

Institute ruling:
In order for customers bidding on Government orders to receive the benefit of cash discount, bills must be paid in strict accordance

with our terms. This also applies to the Government should we bid direct.

In the event customers are allowed thirty days for payment of bill due to method of payment by the Government, no discount will be allowed. This also applies to the Government in the event we bid direct.

(American files.)

2652 *Government Exhibit 385–F*

JANUARY 31, 1928.

Query

We have at Buffalo about 200 bags of damaged sugar for which we cannot fix responsibility on the carrier. In order to sell these, we would have to quote them as damaged sugar and quote them below the market. The alternative would be to ship them back to the refinery for reconditioning, which would probably give us a smaller net return than selling them locally at a concession. On account of possible criticism for selling these as damaged sugars at a price lower than our list, we would appreciate a ruling from you as to our course of action.

In addition to the above, there are now 1,000 bags which we are rejecting to the carrier and which we assume they will sell for their own account. This transaction, however, we are not in any way connected with, and we assume it is satisfactory to handle it as above stated.

C. H. WHITE, Jr.

Institute ruling: We will be permitted to sell damaged sugars at a reduction in price. Before offering this sugar we will advise the Institute of the amount to be resold and name of the market.

(American files.)

2653 *Government Exhibit 385–G*

JANUARY 31, 1928.

Query

The Freihofer Baking Company, Philadelphia, has asked if we would consider selling them sugar in returnable grain bags—that is, in bags which they would supply to us, manufactured from very heavy material, so that they may be returned after being emptied and refilled with sugar. They estimate that the quality of bag they would supply would stand refilling at least a dozen times.

If this is permissible, what allowance should we make them for the saving in package cost?

C. H. WHITE, Jr.

Institute ruling: We will not be allowed to pack sugar in returnable bags.

(American files.)

(Handwritten notation:) Question brought up at Directors' meeting of Feb. 7, 1928, and decided making allowance on used bags should be discouraged. 21–26, p. 18 and 19. Foster was at meeting.

2654 *Government Exhibit 385–H*

FEBRUARY 3, 1928.

Query

It has been a practice with us for the past several years to allow certain customers to return empty sugar bags on which we have made an allowance.

We would like to know if this will now, under the Code of Ethics, be considered as a concession. Pending a decision we are not accepting the return of any bags.

C. H. WHITE, Jr.

Institute ruling: We will not accept and make an allowance for empty sugar bags returned by customers.

(American files.)

Handwritten notation: Used bag question brought up at Directors' meeting of Feb. 7, 1928, and decided to discourage making allowance on them. 21–26, p. 18 and 19. Foster was at meeting.

2655 *Government Exhibit 385–I*

Acceptance of Orders with Open Prices

We will be permitted to accept orders without price with understanding that they will be priced at our ruling basis on date of shipment.

(American files.)

Handwritten notation: Question submitted by Foster at meeting of Feb. 7, 1928 (Directors). 21–26, page 18. Answered in the affirmative.

2656 *Government Exhibit 385–J*

Shipment of Sugar into non-Guarantee Territory against Contracts as Purchased in Guarantee Territory

Under no circumstances are we to accept an order for shipment into nonguarantee territory at the price quoted in guarantee territory.

Customers purchasing sugar in guarantee territory must accept delivery in this territory.

(American files.)

2657 *Government Exhibit 385–K*

Ruling Regarding Change in Price

Announcement of change in price, either an advance or decline, must be made before 3 P. M. to become effective at the opening of the market the following morning.

When change in price has been decided upon, and before making announcement to our brokers and the trade, copy of the change must be furnished Judge Ballou.

(American files.)

(Handwritten notation:) Question decided at Directors' meeting Feb. 7, 1928. 21–26, p. 17. Foster present.

2658 *Government Exhibit 386*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 29, 1928.

To all members of the Sugar Institute, Inc.:

GENTLEMEN: I regret to report that the California & Hawaiian Sugar Refining Corporation, after due notice, is deliberately violating the Code of Ethics of the Institute in the following particular, viz:

Split billing on 60,000-pound cars in Texas.

The California & Hawaiian is not a member of the Institute but in view of its professed adherence to the Code, I consider it necessary to circulate this notification.

I attach hereto copy of the exchange of telegrams covering this situation.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(American files.)

Government Exhibit 386–A

2659 EXCHANGE OF TELEGRAMS BETWEEN THE SUGAR INSTITUTE, INC., AND THE CALIFORNIA & HAWAIIAN SUGAR REFINING CORPORATION

Subject: Split billing on 60,000-pound cars in Texas.

FEBRUARY 27, 1928.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP'N,
San Francisco, Calif.:

Kindly inform me if you are split billing on sixty-thousand-pound cars in Texas or elsewhere. * * *

THE SUGAR INSTITUTE, INC.

FEBRUARY 28, 1928.

THE SUGAR INSTITUTE, INC.,
New York, N. Y.:

We split billing sixty-thousand-pound cars nowhere but in Texas, which is done to meet mixed-cars sugar and syrup. * * *.

CALIFORNIA & HAWAIIAN SUGAR REFG. CORP'N.

FEBRUARY 28, 1928.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP'N,
San Francisco, Calif.:

Institute code specifically prohibits split billing on less than eighty-thousand-pound cars moving on eighty-thousand-pound rate. This provision was conceded to be of immense advantage to Pacific coast refiners, who alone can enjoy this privilege. Deeply regret that C. and H., while professing entire adherence to the code, is willing to take advantage of this ruling over great extent of territory and to violate it in the one locality where it does not happend to suit them.

THE SUGAR INSTITUTE, INC.

2660

FEBRUARY 28, 1928.

THE SUGAR INSTITUTE, INC.,
New York, N. Y.:

Wire received. Upon arrival New York first of next week would like to present Texas situation and the extent of disadvantages we have there from mixed cars, which subject probably was not considered at time formation of Institute. Stop. After conference believe situation can be worked out satisfactorily.

CALIFORNIA & HAWAIIAN SUGAR REFG. CORP'N.

FEBRUARY 29, 1928.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP.,
San Francisco, Calif.:

Sorry you do not appreciat seriousness of situation. If members were free to violate Code o thics for reasons such as advanced by you, the Institute would not last a week. Am notifying the Institute of your attitude.

THE SUGAR INSTITUTE, INC.

FEBRUARY 29, 1928.
(Colonial files.)

2661 *Government Exhibit 386–B*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 5, 1928.

To All Members of the Sugar Institute, Inc.

GENTLEMEN: I beg to inform you that following a personal interview with Mr. Campiglia, Acting President of the California &

Hawaiian Sugar Refining Corporation, that company has ordered discontinuance on all new business of split billing on 60,000-pound cars, and reaffirmed its intention to do business in accordance with the Code of Ethics of the Sugar Institute in all particulars.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Revere files.)

2662 *Government Exhibit 387*

[Western Union]

CHICAGO, ILL., *Apr. 16, 1:36 p.*

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORP.,
215 Market St.:

Do you split bill El Paso, Texas? If so, advise quantity first and second billing. Also state prevailing minimum.

J. O. DOUGLAS.

(C. & H. files.)

2663 *Government Exhibit 387–A*

[Western Union]

APRIL 16, 1929.

J. O. DOUGLAS,
c/o Domestic Sugar Bureau,
120 South La Salle Street, Chicago, Ill.

Split billing El Paso thirty-six thousand pounds first billing balance of car second billing stop. Minimum from San Francisco sixty thousand pounds.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION.

(C. & H. files.)

2664 *Government Exhibit 387–B*

[Western Union]

CHICAGO, ILL., *Apr. 17, 11:07 a. m.*

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP.,
215 Market St.

Unable to find lower than sixty thousand minimum from any direction to El Paso, Texas. Kindly advise regarding split billing.

J. O. DOUGLAS.

(C. & H. files.)

2665 *Government Exhibit 387–C*

[Postal Telegraph]

APRIL 18, 1929.

J. O. DOUGLAS,
The Domestic Sugar Bureau,
120 South La Salle St., Chicago, Ill.

Until recently El Paso minimum thirty-six thousand from some producing points which necessitated our establishing split billing stop. Recently minimum raised to sixty thousand pounds, but in meantime find Texas competitors carrying consigned stocks El Paso and delivering l. c. l. quantities stop. For years past we have never considered El Paso consignment market and have distributed our sugar on direct shipment basis stop. Rather than establish consigned stock we continued split billing as competitive measure, altho this does not entirely meet smaller consignment deliveries.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION.

(C. & H. files.)

2666 *Government Exhibit 387–D*

[Postal Telegraph]

NEW YORK, N. Y., *June 5, 1929.*

CALIF. AND HAWAIIAN SUGAR REFG. CORPN.,
215 Mkt. St., San Francisco, Calif.:

Kindly inform us whether you are split billing on sixty thousand pound cars at El Paso, Texas, or if you have been doing this until recently, the approximate date of discontinuance stop. Do you understand that there is now any beet sugar or other minimum carload loading less than sixty thousand pounds in force at El Paso destination?

THE SUGAR INSTITUTE.

(C. & H. files.)

2667 *Government Exhibit 387–E*

[Postal Telegraph]

JUNE 5, 1929.

SUGAR INSTITUTE, INC.,
129 Front Street, New York City:

Answering your wire fifth, we wired Domestic Bureau April eighteenth as follows: Quote Until recently El Paso minimum thirty-six thousand from some producing points, which necessitated our establishing split billing stop. Recently minimum raised to sixty thousand pounds, but in meantime find Texas competitors carrying consigned stocks El Paso and delivering l. c. l. quantities

stop. For years past we have never considered El Paso consignment market and have distributed our sugar on direct shipment basis stop. Rather than establish consigned stock we have continued split billing El Paso only first billing thirty-six thousand pounds, second twenty-four thousand pounds as competitive measure, although this does not entirely meet smaller consignment deliveries.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORPORATION.

(C. & H. files.)

2668 *Government Exhibit 387–F*

[Postal Telegraph]

NEW YORK, N. Y., *June 7, 1929.*

CALIF. AND HAWAIIAN SUGAR REFG. CORPN.,
San Francisco, Calif.:

Thanks for your wire concerning split billing at El Paso (stop). Consider this a direct breach of provision of the Code of Ethics of Domestic Sugar Bureau and am writing to the Bureau to that effect.

THE SUGAR INSTITUTE.

2669 *Government Exhibit 387–G*

JUNE 14, 1929.

To: George M. Rolph.
From: L. R. Campiglia.
Subject: Split-billing El Paso, Texas.

Prior to the formation of the Institute, split-billing terms were used by us at El Paso, Texas, because of the 36,000-pound minimum from New Orleans and Texas refining points, against our 60,000-pound minimum from Crockett. However, after the adoption of the Institute Code, which provided that split-billing would be used only on cars moving on an 80,000-pound minimum and rate, we discontinued split-billing, the date being March 10, 1928.

From that time on, we had continual difficulty in that market, not only because of the 36,000-pound minimum, but because of consigned stocks which were carried there by Southern refiners. We made no change at once, because Imperial had asked for information covering our terms at El Paso, and we felt that they would probably adopt similar terms. Furthermore, there was an application on file to increase the minimum to 60,000 pounds. We preferred to have the 36,000-pound minimum eliminated and warehouse stocks withdrawn, and believe we allowed more than ample time for this to be accomplished. However, when the correction was not
2670 made, on June 4, 1928, we reestablished split-billing terms—36,000 pounds payable seven days after arrival, balance of car payable fourteen days after arrival.

At that time we had information that the minimum carload from New Orleans to points in Texas had been increased to 60,000 pounds, but that the 36,000-pound minimum continued from Texas City and Sugarland. Our competitive situation was therefore unchanged, but we still continued our efforts to bring about a withdrawal of consignments.

We enclose copy of our letter of November 6, 1928, to the White Brokerage Company, quoting a wire which we received direct from James A. Dick Company, El Paso, which sets forth the opposition of the principal jobbing distributors to warehouse stocks.

On November 8, 1928, the minimum from Texas refining points to El Paso was increased to 60,000 pounds, and on March 18, 1929, the 360-bag minimum from beet-producing points was cancelled and the 600-bag minimum was established. At that time we considered carrying storage stocks at El Paso and discontinuing split-billing, but in view of the objection of our customers we decided to continue the split billing, with the hope that something still could be accomplished to correct the consigned situation.

We heard nothing further on this subject—except continued complaints from our broker about consignments—until we received
2671 a wire from the Bureau dated April 16, 1929, asking for our terms at El Paso and for the prevailing minimum from San Francisco and other points. Our reply to the Bureau you have seen. On June 5 we received a wire from the Institute asking for the same information that we gave to the Bureau, which was followed by an exchange of telegrams, with which you are familiar.

Our split-billing terms at El Paso are not in accordance with the Code of Ethics; and in order to comply, we should discontinue split-billing when it will be necessary to carry storage stocks to meet competition. We would still prefer to have storage stocks withdrawn by the Texas interests, and we have delayed changing our terms in El Paso hoping that this might be accomplished, so that our split-billing terms could be withdrawn at the same time.

L. R. CAMPIGLIA.

(C. & H. files.)

2672 *Government Exhibit 387–H*

[Translation of telegram]

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION,

Chicago, June 25, 1929.

From J. O. Douglas. To C. & H.
Received 6/25. Time 1:25 p. m. Translated M. I. D. Checked.

Translation

Following from Institute Quote:

Both American and Imperial deny absolutely that they have been split billing at El Paso; however, in view of admitted practice by

C. & H., I shall recommend to directors meeting Thursday that the Institute take concerted action under Institute ruling entitled breach of Code by competitors, unquote.

(C. & H. files.)

2673 *Government Exhibit 387–I*

[Western Union]

SAN FRANCISCO, *June 25, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: Your wire of today to bureau transmitted to us stop. We respectfully protest against your proposed action as placing blame for whatever situation exists at El Paso solely on us stop. The western one of the members of your Institute has been split billing at El Paso for some time past, and we understand for the same reasons that influenced our action stop. Even if your member was not split billing we would have to split bill to meet the consignment competition at that point until we can devise other means of meeting it stop. The reason we dislike to meet the situation by placing consignments at El Paso is because the general tendency seems to be to reduce consignment points, and principally because the principal buyers at that point object to making it a consignment point stop. This tempest in a teapot can be lulled by your members withdrawing consignments or by our establishing them stop. Which do you prefer?

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION.

(C. & H. files.)

2674 *Government Exhibit 387–J*

[Translation of telegram]

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION,
New York, June 28, 1929.

From Sugar Institute to C. & H.
Received 6/28. Time 5:45 P. M. Translated MID. Checked.

Code words

Original in G. M. R. file.

Translation

Replying your wire El Paso conditions: We have no desire to dictate nor express preference for methods of meeting competition as long as same are open, legitimate, and in accordance with respective Codes of Ethics stop. Institute directors yesterday, acting under Institute ruling concerning breach of code by competitors, authorized members to split bill 60,000-lb. cars at El Paso and adjacent

points until notified that such competitive practice has ceased stop. Full text wired to Western stop. Suggest that tempest could be lulled by withdrawal all consignments Texas except such ports of entry as you desire, but no one here could see logic or justice of your suggestion that Institute members withdraw consignments at a few points you find disadvantageous for your trade while you will not withdraw from over 100 points where consignments are disadvantageous to Institute members.

(C. & H. files.)

2675 *Government Exhibit 387–K*

[Western Union]

SAN FRANCISCO, *June 29, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City:

Thanks for your wire twenty-eighth stop. There is just one point we feel you have not taken into consideration in reference to consignment points stop. We are members of Domestic Sugar Bureau, which bureau has had this matter under discussion for some time past stop. Bureau is making earnest effort to reduce consignment points and we are cooperating, as bureau will assure you stop. We therefore feel your criticism should not be directed against us personally and that your arguments in regard to consignment points should be taken up and adjusted with bureau, as we cannot limit our consignment points until all members of bureau do likewise.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION.

(C. & H. files.)

2676 *Government Exhibit 388*

APRIL 24, 1930.

THE SUGAR INSTITUTE,
129 N. Front Street, New York, N. Y.

GENTLEMEN: Please accept this as 48-hours' notice that unless we hear from you to the contrary we will feel privileged to use the Atlas Warehouse of Atlanta, Georgia, for the storage of Hershey sugar.

This is a splendid public warehouse in Atlanta and is in no way affiliated with any broker or jobber.

Please give us your prompt approval or rejection of this application.

Yours truly,

H. H. PIKE & COMPANY, INC.

2677 *Government Exhibit 389*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 22, 1928.

H. H. PIKE & COMPANY,
101 Wall Street, New York, N. Y.

GENTLEMEN: I wish to thank you for your letter of May 18, stating that you were investigating the complaint of Geo. E. Keiser & Company with regard to conditions in Indianapolis.

This morning Keiser & Company send me the following telegram which is signed by their own Sales Manager, who is at present on the ground in Indiana:

"EVANSVILLE, *May 21, 1928*

Bradley Indianapolis here today offering Hershey Sugar five eighty-five basis adding thirty-two cent barge rate payment seven days after arrival. Will defer shipment until July to several of trade.

(Signed) C. B. NEWMAN."

I should be greatly obliged if you would take this complaint up along with the other matter.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2678 *Government Exhibit 389-A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York; May 22, 1928.

Mr. H. H. PIKE, JR.,
H. H. Pike & Co., 91 Wall Street, New York, N. Y.

MY DEAR MR. PIKE: The following telegram not only repeats the report which I handed you this morning but gives some definite names which may aid you in checking the matter up.

"SAVANNAH, GA., *May 22, 1928.*

THE SUGAR INSTITUTE,

Our broker informs us Bradley Hershey's broker Indianapolis offering Kerr American Packing Corporation, Ragon, etc., Hershey sugar today basis 5.85, shipment Buyer's option to July, terms 7 days after arrival American barge rate 32 cents. Have been endeavoring get Cain, Hershey, Pennsylvania, but suggest you communicate with Pike and advise us if this is correct.

PARDONNER."

If you think it advisable the Institute will wire to the parties named, asking if they have been approached on this basis, but I should not wish to do this without your permission.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2679 *Government Exhibit 389–B*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 9, 1928.

H. H. PIKE & COMPANY,
91 Wall Street, New York, N. Y.

GENTLEMEN: On account of the reference to your Company in the enclosed correspondence I am sending you these copies.

Kindly investigate conditions at Corinth, Mississippi, and ascertain whether the brokerage company referred to is a legitimate concern, or whether it is splitting brokerage with the purchasers of sugar.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

2680 *Government Exhibit 389–C*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 5, 1928.

H. H. PIKE & COMPANY,
91 Wall Street, New York, N. Y.
(Attention of Mr. R. H. Hagedorn.)

GENTLEMEN: It is not our purpose to hector you good people in response to all of the incidental complaints that may be filed in this office regarding your selling practices, as we sincerely appreciate the measure of cooperation that you have extended to the Institute in its efforts to better trade conditions. We do believe, however, that it is proper for us to pass all such complaints to you in the interest of serving our mutual advantage.

A circular and letter have been forwarded to our office, which were issued by your agent, Russell C. English, of Mobile, in which there appears a paragraph to which one of our members has taken exception. This paragraph reads:

"This is to advise that, effective Monday morning, October 1st, we will meet any openly announced price or contract terms made by any cane refinery doing business in your market. It is our idea to meet any and all legitimate competition.

So on receipt of this letter please wire your order to us at our expense, and we will see to it that you get the best price and proposition possible."

The member filing the complaint says:

"It seems to me that this letter carries two unethical features:

1st. Service without charge by the request that the customer wire in order collect. This, of course, provided these telegraphic expenses are for the account of Hershey and not for the account of the broker.

2d. Giving the buyer an option by requesting the order to
2681 be wired in for a later confirmation, with prices and terms to be later published."

Regarding the first feature of his complaint will say that we do not believe that you are paying the telegraphic expenses of your brokers, but we think in the interest of better business methods the broker should be discouraged of all practices that savor of commercial bribery. We agree with the second division of this complaint in that it does violate our ethics of selling "only upon open prices and terms publicly announced."

Very truly,

THE SUGAR INSTITUTE, INC.,
By FRED G. TAYLOR,
Executive Vice Secretary.

2682 *Government Exhibit 389–D*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 23, 1928.

Mr. H. H. PIKE, Jr.,
H. H. Pike & Company, 91 Wall Street,
New York, N. Y.

MY DEAR MR. PIKE: We have just received a wire stating that in New Orleans, when a buyer calls at your warehouse and takes delivery direct from the warehouse, you are allowing him a 3-cent drayage charge, and that other refiners carrying stocks in New Orleans are not making such a drayage allowance, but are delivering either in their own trucks or renting trucks for such deliveries.

Will you kindly check the matter of your own practice and advise us just how your spot deliveries are handled. We will check with other refiners carrying spot stocks in New Orleans and get their method of procedure. If our information is correct, there seems to be a misunderstanding as to the usual practice in this market which we believe should be cleared up promptly.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2683 *Government Exhibit 389–E*

[File copy]

H. H. PIKE & CO., INC.,
November 24th, 1928.

Mr. SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR JUDGE BALLOU: Yours of Nov. 23rd, regarding our practice of permitting drayages allowances in New Orleans.

The writer is leaving here next Wednesday for New Orleans, and will make a personal investigation of this entire matter and see that it is straightened out to the satisfaction of all concerned.

You will hear from us within a few days.

Very truly yours,

H. H. PIKE & Co., INC.

2684 *Government Exhibit 389–F*

[File copy]

H. H. PIKE & Co., INC.,
December 20th, 1928.

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR JUDGE BALLOU: Following our letter of Nov. 24th, in reply to yours of Nov. 23rd, in which complaint has been made that our brokers at New Orleans were permitting buyers to haul their own sugar, for which drayage allowance was made.

I have just returned from New Orleans and found this was true on two or three small shipments which our brokers handled in this way on account of the warehouse doing our trucking being tied up and could not make deliveries at the time desired by the buyers. I have straightened this matter out and instructed our brokers that drayage allowance will not be accepted on any future deliveries, and you may assure your complainants that they will have no need for future complaint.

All of us thank you for calling this matter to our attention.

Very truly yours,

H. H. PIKE & Co., INC.

2685 *Government Exhibit 389–G*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 25, 1929.

Mr. H. H. PIKE, Jr.,
H. H. Pike & Company, 91 Wall Street, New York, N. Y.

DEAR MR. PIKE: I have received the following telegram from Godchaux Sugars at New Orleans:

"Hershey's representative New Orleans has placed sugar on consignment in New Iberia, Louisiana, and are offering same on basis of twenty cents boat rate whereas the rail rate is twenty-seven cents. This I consider contrary to our ethics where differential route rates

apply only on direct shipments by differential routes. Will you please take up with Hershey and advise?"

Trusting that this will have your usual prompt attention, I remain,

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2686 *Government Exhibit 389–H*

[File copy]

H. H. PIKE & CO., INC.,
January 28th, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Att.: Judge Sidney Ballou.)

DEAR JUDGE BALLOU: Your letter of January 25th addressed to Mr. H. H. Pike, Jr., regarding a telegram which you have received from Godchaux Sugars, Inc., has been referred to me.

We are looking into this matter immediately and this is really the first information we have had that sugar has gone to New Iberia, and it seems to us that one of our Brokers has sent this there for his convenience; however, Mr. Perry happened to be away at the moment, and when he returns we will refer this matter to him.

We again assure you that we wish to cooperate in every way and will discourage the opening of new consignment points very strongly.

We remain,

Yours very truly,

H. H. PIKE & CO., INC.

2687 *Government Exhibit 389–I*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 8, 1929.

Mr. H. H. PIKE, Jr.,
H. H. Pike & Co., 91 Wall Street, New York City, N. Y.

DEAR MR. PIKE: It has been reported to the Institute that your good concern is delivering at certain interior points in North Carolina on the f. o. b. Wilmington basis.

It was our understanding at one of our late operating committee meetings at the Institute offices that all deliveries from consignment there should be billed at the direct freight rate, which I believe in every instance exceeds the combination rate due to certain unadjusted intrastate rates that apply from Wilmington to the interior.

May we have a direct word from you concerning the matter?

Very truly yours,

THE SUGAR INSTITUTE, INC.,
(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

2688 *Government Exhibit 389–J*

[File copy]

H. H. PIKE & Co., INC.,
Apr. 9th, 1929.

Mr. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.,
New York, N. Y.

MY DEAR MR. TAYLOR: Yours of April 8th to MR. Pike, regarding basis for selling sugar at certain interior points in North Carolina via Wilmington.

I am absolutely sure that your understanding is incorrect. I was present at all these meetings; and, at the final meeting, it was definitely decided that the very few points in North Carolina where less carload rates are made cheaper via Norfolk, Va.; New Bern, N. C.; or Wilmington, N. C., by selling on the prepay for these three points, with freight charges collect to final destination, will be permitted. I have talked to other refiners in New York on the subject, since receipt of your letter, and all of them confirm my understanding.

Very truly yours,

H. H. PIKE & Co., INC.

2689 *Government Exhibit 389–K*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y., April 11, 1929.

Mr. CHARLES H. WHITE,
The American Sugar Refining Co.,
117 Wall Street, New York, N. Y.

DEAR MR. WHITE: Referring to our recent discussion of the subject of selling f. o. b. Wilmington as against the through rate for certain North Carolina deliveries will say that we referred the question to Hershey from whom we have the following reply:

"I am absolutely sure that your understanding is incorrect. I was present at all these meetings, and, at the final meeting, it was definitely decided that the very few points in North Carolina where *less carload rates* are made cheaper via Norfolk, Va., New Bern, N. C., or Wilmington, N. C., by selling on the prepay for these three points, with freight charges collect to final destination, will be permitted. I have talked to other refiners in New York on the subject, since receipt of your letter, and all of them confirm my understanding."

Upon refreshing my memory in this matter, I am quite convinced that Mr. Perry is correct in this statement.

Very truly yours,

(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

2690 *Government Exhibit 389–L*

[Copy]

THE AMERICAN SUGAR REFINING COMPANY,
Key Highway East, Baltimore, Maryland, April 12, 1929.

Mr. H. G. HALLBERT,
117 Wall Street, New York City.

DEAR MR. HALLBERT: This is to confirm our telephone conversation advising that it is satisfactory to make shipments out of Wilmington to the interior North Carolina points at the f. o. b. Wilmington basis.

We are glad this came about, as it gives us an opportunity to meet the existing competition in that territory.

Very truly yours,

(Signed) J. A. MONET,
Sales Manager.

2691 *Government Exhibit 389–M*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 15th, 1929.

H. H. PIKE & Co.,
91 Wall Street, New York City, N. Y.

GENTLEMEN: One of our members states he has been advised that Hershey's brokers are selling retailers in New Orleans and taking care of their deliveries. He further says it is rumored that the same brokers have arranged, or permitted, a deal wherein their buyers get a return of 10¢ each for their empty bags.

If your bags are worth 10¢ each to someone on a second-hand basis I can't see any objection to a customers' selling them, but if a broker is guaranteeing such return at the time of sale it would seem to be taking an unethical advantage.

We are more particularly interested in the report, however, of retail selling and deliveries as there are other items of similar disturbance reported against another concern in the South.

Will you please favor us with a report in the matter.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2692 *Government Exhibit 389–N*

[File copy]

H. H. PIKE & Co., INC.,
April 16th, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City
(Att. Mr. Fred G. Taylor, Executive Vice Secy.)

GENTLEMEN: We have yours of April 15th in connection with Hershey Brokers selling retailers in New Orleans. We have no knowledge of this but would be very glad to take the matter up with our Agents there, and advise you further on this subject.

Regarding your statement that our Brokers have arranged or permitted a delivery wherein their buyers get a return of 10¢ for their empty bags, we think we have covered this subject in our letter of April 4th when we advised the Institute that we did not believe that our Brokers are making any special offers of bags on any basis. Furthermore, we ourselves are not doing so.

We remain,

Yours very truly,

H. H. PIKE & Co. INC.,
R.
Secretary-Treasurer.

2693 *Government Exhibit 389–O*

[File copy]

H. H. PIKE & Co.,
April 23rd, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Att. Mr. Taylor.)

GENTLEMEN: We believe a short time ago you had a complaint that our Brokers in New Orleans were selling the retail trade. We took this up with them, and they advise us that they do not sell the retail trade, but they do sell chain stores and a few semijobbers, of whom all are on the list of every Broker in the city of New Orleans.

We remain,
Yours very truly,

H. H. PIKE & Co., INC.,
R., *Secretary-Treasurer.*

2694 *Government Exhibit 389–P*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 4, 1929.

H. H. PIKE & COMPANY,
91 Wall Street, New York, N. Y.

GENTLEMEN: I have reliable information to the effect that Hershey sugar is being consigned to customers' warehouses in Louisville, Ky., and vicinity and storage paid on the same.

I can, if you desire, furnish you with the car numbers of one particular consignment which was placed with the Ohio Valley Grocery Company, of Louisville, Ky., against which withdrawals have been made.

Storage in customers' warehouses has been prohibited by the Code of Ethics of the Institute ever since its formation, and you have notified us of your intention to adhere to this Code. This, of course, has nothing to do with storage in brokers' warehouses, which was the subject of a recent ruling of the Institute, as to which we have not yet received your decision.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

2695 *Government Exhibit 389–Q*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 7, 1929.

H. H. PIKE & COMPANY,
91 Wall Street, New York, N. Y.

GENTLEMEN: With reference to the complaint that you are storing in customers' warehouses in the neighborhood of Louisville, Ky., I have the following memorandum of a car sent over the Illinois Central which is said to have been consigned to the Ohio Valley Grocery Company in Louisville:

I. C. Car #155586, Placed May 30, 11 a. m. Seals 4533 I. C., Seals 967018 Big 4.

You may be interested to trace the destination of this car.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

2696 *Government Exhibit 389–R*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 2nd, 1929.

Personal

Mr. H. H. PIKE, Jr.,
91 Wall Street, New York, N. Y.

MY DEAR MR. PIKE: I enclose for your personal information a set of reports from an investigating service relating to the following subjects: Bradley, Indianapolis; Cleveland Mercantile Co., Cleveland; Lederer Terminal Whse., Cleveland; Weppner & Weil Company, Cleveland; C. J. Irwin, Buffalo.

You will note that these reports are strictly confidential and for your own personal use. It is particularly desired that no reference to them should get back to the parties concerned through your Sales Department.

I should like a conference with you at your convenience concerning continued storage in the warehouse of the Bradley Warehouse Company. Having supported the Institute's recommendations concerning brokers' warehouses through the greater portion of your marketing territory, I trust you will see fit not to leave this one isolated instance in the entire country where any distributor of cane or beet sugar is still using a brokers' warehouse with all its attendant evils.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

2697 *Government Exhibit 389–S*

[Copy]

In reply refer to B–199.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 15, 1929.

Mr. R. H. HAGEDORN,
H. H. Pike & Company, 91 Wall Street, New York, N. Y.

MY DEAR MR. HAGEDORN: We are in receipt of the following telegram from one of our members:

"Our broker received order yesterday from D. G. Hayes, Hodgenville, Kentucky. This morning Mister Hayes phoned him asking cancellation booking because he had better proposition, not as to price but as to terms, and finally admitted better proposition consisted of contract placed with Hershey through their Louisville brokers, Lewis and Culp, through whom he made five cents booking for sixty-day contract instead of thirty-day contract Stop. Will you please take up and advise?"

Would you be so kind as to look into this matter and let us know what your findings are?

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

2698 *Government Exhibit 389–T*

[File copy]

H. H. PIKE & CO.,
July 24, 1929.

SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Att. Judge Sidney Ballou.)

GENTLEMEN: We beg to refer to your letter of July 15th regarding a complaint that our Broker in Louisvile, Kentucky, had offered D. G. Hayes a sixty-day contract at 5¢.

We have had this matter up with our Broker, who feels rather indignant that such an accusation has been made. The contract they have booked with this buyer is strictly a thirty-day contract, and our Broker denies absolutely offering this buyer the contract as is alleged by the complainant.

We remain,

Yours very truly,

H. H. PIKE & CO.,

Secretary-Treasurer.

RAH: EMR.

2699 *Government Exhibit 389–U*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 29, 1929.

In reply please refer to B–199.

Mr. R. A. HAGEDORN,
H. H. Pike & Company, 91 Wall Street, New York, N. Y.

DEAR SIR: We thank you for your letter of July 24th, 1929, relative to report that your broker in Louisville, Ky., had offered D. G. Hayes a sixty-day contract.

We are transmitting your reply to the member who made the complaint and presume that he will be entirely satisfied.

However, under the circumstances we would very much like to receive a letter from you after the expiration of the thirty-day period to the effect that the sugars booked under this particular contract were withdrawn in strict accordance with the terms thereof. Such a letter would remove the doubt that the broker might have promised sixty days in spite of your contract and instructions as to its enforcement.

Thanking you again for your splendid cooperation, we are,

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

2700 *Government Exhibit 389–V*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 16, 1929.

In reply please refer to B–208.

Mr. R. H. HAGEDORN,
H. H. Pike & Company, 91 Wall Street, New York, N. Y.

MY DEAR MR. HAGEDORN: We have received a complaint from one of our members that your broker in *Wilmington, N. C.*, is telling the jobbers there that Hershey Sugar Corporation will continue to carry consigned stocks at that point and will make deliver from such stocks at any time.

While we cannot hold refiners responsible for all the sales talk of brokers, yet we feel that when brokers are misrepresenting conditions the matter should be brought to the attention of the principals.

We are therefore forwarding this for your information.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2701 *Government Exhibit 389–W*

[File copy]

H. H. PIKE & Co., INC.,
July 16, 1929.

SUGAR INSTITUTE,
129 Front Street, New York City.
(Attention Judge Sidney Ballou.)

MY DEAR JUDGE BALLOU: I have your letter of the 16th regarding the carrying of stocks at Wilmington, North Carolina. Wilmington has been one of our ports of entry ever since Hershey started to import sugar, and we at this moment can not undertake to discontinue the carrying of stocks there.

It was my understanding according to the meetings I attended that ports of entry were to remain as consignment points. If this is not correct, will you please advise?

I also have your letter of the 15th regarding the Louisville situation, and your complaint has been forwarded to our Broker for his comments.

Yours very sincerely,

R.

2702 *Government Exhibit 389–X*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 17, 1929.

MR. H. H. PIKE, JR.,
91 Wall Street, New York, N. Y.

MY DEAR MR. PIKE: After weeks of discussion you were good enough to say that Hershey would follow the revised list of Southern consignment points as given on the enclosed circular.

One of the pivotal points of the *compromise* was the question of giving up Wilmington as a port of entry. On this particular point *National, Pennsylvania, and yourselves appeared to be making the greatest sacrifice but you all finally agreed to make it for the sake of the industry as a whole.*

We are now in receipt of a letter from Mr. Hagedorn stating that Wilmington has been one of your ports of entry ever since Hershey started to import sugar and that you cannot undertake to discontinue the carrying of stocks there.

There has been a serious misunderstanding somewhere which I should like your good offices in clearing up at the earliest possible moment.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2703 *Government Exhibit 389 Y*

THE SUGAR INSTITUTE, INC.

The Southern Consignment Points

The following revised list of Southern Consignment points has been recommended by the Committee and adopted by the Executive Committee, subject to the effective date being fixed.

Alabama	Mobile	Port of Entry.
	Birmingport	Storage in Transit Points.
	Holt	Storage in Transit Points.
	Birmingham	Consignment Points.
	Montgomery	Consignment Points.
Arkansas	Helena	Storage in Transit Point.
Florida	Jacksonville	Ports of Entry.
	Tampa	Ports of Entry.
	Pensacola	Ports of Entry.
	Miami	Ports of Entry.
Georgia	Savannah	Refinery Point & Port of Entry.
	Brunswick	Port of Entry.
	Atlanta	Consignment Point.

The present practice of trade consignments on the four-payment plan to be discontinued.

Kentucky	Louisville	Consignment Points.
	Lexington	Consignment Points.
Louisiana	New Orleans	Refinery Point & Port of Entry.
Mississippi	Meridian	Consignment Points.
	Jackson	Consignment Points.
North Carolina	No Ports of Entry nor Consignment Points.	

The present practice of trade consignments on the four-payment plan will be continued.

South Carolina	Charleston	Port of Entry.

The present practice of trade consignments on the four-payment plan will be continued.

Tennessee	Knoxville	Consignment Points.
	Nashville	Consignment Points.
	Chattanooga	Consignment Points.
	Memphis	Consignment Points.
Virginia	Norfolk	Port of Entry.
	Richmond	Consignment Point.

Recommendations as to deliveries at Refinery Points, Ports of Entry and Reconsignment Points, together with other general recommendations, remain the same as in the report of April 24th, 1929.

NEW YORK, N. Y., *June 11, 1929.*

2704 *Government Exhibit 389–Z*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 18, 1929.

Mr. H. H. PIKE, Jr.,
H. H. PIKE & COMPANY,
91 Wall Street; New York, N. Y.

MY DEAR MR. PIKE: Supplementing my letter of yesterday on the subject of *Wilmington*, North Carolina, it is possible that some mis-

understanding may have arisen with regard to the use of the term "Port of Entry."

That phrase was used in the original report of the Southern Consignment Committee as covering seaboard points other than refinery points which should be accepted for consignment purposes.

In discontinuing Wilmington as a "port of entry" in this sense nobody proposes to or has stopped shipping sugar through that port. It was, however, specifically recommended that no consignments be kept there for local delivery in less than carload quantities, and all Institute members, relying upon your acceptance of this recommendation, have ceased to carry such stocks.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2705 *Government Exhibit 389–A1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 1st, 1929.

In reply please refer to B–221.

H. H. PIKE & COMPANY,
91 Wall Street, New York, N. Y.

GENTLEMEN: We are in receipt from one of our *members* of a letter in which he quotes the following extract from a letter received by him:

"We have your letter of July 20th with reference to Cartersville Grocery Co.

"The writer made a trip to Cartersville to see this concern and in a talk with their Mr. Strickland he told us that Hershey was still selling sugar on the 4-payment plan and showed us invoices from Hershey for sugar on the 4.75 basis on the 4-payment plan.

"He first showed us invoice dated July 5th covering 100 bags on basis 4.75 marked 2nd payment on 4-payment plan, then invoice of July 12th marked 3rd payment and invoice of July 19th marked 4th payment, all covering the same car number and shipment.

"He also told us that the Chattanooga broker of Hershey told him over phone day or two ago that Hershey still quoting on the 4-payment plan, and we understand that other jobbers in this territory also advised Hershey continuing to offer on the 4-payment plan although we can not state this positively. *We trust that under the circumstances you will agree to the Cartersville Grocery Co. payment of this car on the 4-payment plan.*"

We would call your attention to the fact that the four-payment plan was discontinued in Georgia in June upon adoption of the Southern Consignment Committee's Report, copy of which you already have in your files. We are attaching hereto that part of the

Report which *specifically states under the heading "Georgia" that the present practice of trade consignments on the four-payment plan is to be discontinued.*

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2706 *Government Exhibit 389–B1*

[File copy]

H. H. PIKE & Co., INC.,
Aug. 2nd, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

(Attention Judge Sidney Ballou, Executive Secretary.)

GENTLEMEN: We have yours of the 1st with extract from letter received from one of your members with reference to the Cartersville Grocery Co.

Please be assured that Hershey is not selling sugar on the Four Payment Plan in Georgia. This has been definitely stopped; but it may be that there are some deliveries due on an old contract. In fact, the price indicated in your letter—4.75—would clearly show that it is old business.

We have taken this matter up with our brokers, and when we receive further particulars, we will advise you.

We remain,

Very truly yours,

H. H. PIKE & Co., INC.,
R.
Secretary & Treasurer.

2707 *Government Exhibit 389–C1.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 6, 1929.

In reply refer to B–225.

Mr. R. HAGEDORN,
H. H. Pike & Co., 91 Wall Street, New York, N. Y.

DEAR MR. HAGEDORN: The following is copy of a telegram we received during the session of our last Directors' Meeting, to which no consideration was given. Will you please review and discuss the matter with me:

"Recommend bringing up Institute meeting necessity amplification and clarification Southern consignment rule defining what deliveries can be made from refinery or port of entry points. Stop. See Institute Minutes May 2nd also Institute circular June 13th. Stop. These provide deliveries from refinery port of entry points may be made for local delivery in less than carload quantities or for carload forward-

ing. Stop. As I interpret this, less-than-carload deliveries are supposed to be ex-refinery or warehouse drayage for account buyer except in those cities where established custom exists of drayage paid by refiner. Stop. Only point I know where this being defeated Mobile where Hershey is only party who pays drayage on less carload sugar for delivery to freight terminals; furthermore instead of selling less carloads only on basis price, plus prevailing freight application Mobile, Hershey selling less carloads at New Orleans less carload barge or rail rate whichever lower at interior Florida, Alabama, Mississippi points. Stop. Therefore, if Hershey subscribe to Southern consignment rule this should be brought their attention for correction."

Very truly yours,

(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

2708 *Government Exhibit 389–D1*

Consignment Points

H. H. PIKE & Co., INC.,
91 Wall Street, New York, September 13th, 1929.

To our brokers:

We beg to advise that, upon the completion of the contracts booked at basis $5.30, all refiners, including *Hershey* Corporation, will discontinue consignments, except at points authorized by The Sugar Institute, which are as follows:

Alabama—Mobile, Birmingport. Holt.
Florida—Jacksonville, Tampa, Pensacola, Miami.
Georgia—Savannah, Brunswick, Atlanta.
Kentucky—Louisville, Lexington.
Louisiana—New Orleans.
Mississippi—Meridian.
North Carolina—No port of entry nor consignment points.
South Carolina—Charleston.
Tennessee—Knoxville, Nashville, Chattanooga, Memphis.
Virginia—Norfolk, Richmond.

Furthermore, no consignments will be stored in brokers' warehouses, and only approved public warehouses will be used at the authorized consignment points.

Please take due notice of above.

Very truly yours,

HERSHEY CORPORATION,
H. H. PIKE & CO., INC., *Agents.*

2709 *Government Exhibit 389–E1*

[Copy]

OCTOBER 10, 1929.

Mr. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute,
New York, N. Y.

DEAR SIR: Your letter of October 4th enclosing correspondence with Savannah regarding the elimination of Wilmington, N. C., as a port of entry for Hershey sugar.

To discontinue shipping our North Carolina points from Wilmington will cost the Hershey Corporation an average of over 5¢ per bag, extra freight.

Savannah says that the only objection they have is the advantage of quicker service. This will not be the case. We will simply make these shipments from Norfolk, Va., and our records show that transit time, to over 80 percent of the territory, is from 24 to 48 hours quicker service from Norfolk than from Wilmington.

For the sake of harmony we will discontinue Wilmington as a port of entry just as soon as present stocks are shipped out. However, please understand that we have been called upon to make a very expensive concession and one which we do not believe will benefit Savannah in the least. We mention Savannah only for the reason that no other refiner voiced any objection to our use of Wilmington as a port of entry. We have already discontinued Wilmington as a consignment point.

Yours truly,

H. H. PIKE & COMPANY, INC.,
Vice President.

2710 *Government Exhibit 389–F1*

[File copy]

H. H. PIKE & SON,
October 11, 1929.

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, New York, N. Y.

DEAR SIR: After delivery of outstanding balances on contracts, including those at $5.30, we will have a balance of something under one car on hand in the warehouse of Mr. J. E. Ferguson, our broker at Americus, Ga.

Without our sugar account, Mr. Ferguson will not need a warehouse and he desires to give up his warehouse at the expiration of his lease on October 16, 1929. We are not sending any more sugar to Americus for consignment and cannot make a satisfactory with another warehouse for this small amount.

Without establishing any precedent, do we have your *permission* to distribute this small balance to jobbers in Americus, having outstanding balances with us at $5.40, same to be invoiced later but within the time limit of the $5.40 contract. We feel that it is only fair to protect Mr. Ferguson in this respect.

Yours truly,

H. H. PIKE & COMPANY, INC.

2711 *Government Exhibit 389–G1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 14, 1929.

H. H. PIKE & COMPANY,
91 Wall Street, New York, N. Y.

GENTLEMEN: I have your letter of October 11th with regard to the disposition of less than a carload of sugar in the warehouse of J. A. Ferguson at Americus, Ga.

In view of the fact that this stock is not to be replaced and particularly in view of the fact that the lease of the warehouse expires on October 16th, I would approve your suggested disposition of the sugar, that is, its distribution at 5.40, to be invoiced within the time limit of the 5.40 contracts.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2712 *Government Exhibit 389–H1*

H. H. PIKE & Co.,
91 Wall Street, New York, October 21st, 1929.

Mr. F. E. GANNETT,
President Standard Warehouse Company,
100 Poydras Street, New Orleans, La.

DEAR SIR: Mr. C. W. Ziegler, of Benham, Ziegler, Inc., your city, has been in New York, and we have discussed with him the warehousing situation in connection with Hershey Sugar at New Orleans.

We have arranged with him that, effective Monday, October 28th, you are to take over the warehousing of Hershey Sugar which has formerly been taken care of by the B. & Z. Warehouse & Forwarding Company. This latter company has been leasing space from you and storing therein Hershey sugar. On account of new regulations of the Sugar Institute, to which we are conforming, this procedure is no longer permissible and it is therefore necessary for us to deal with you directly in the future.

Therefore will you please take over from the B. & Z. Warehouse & Forwarding Company the stocks which they show on hand October 28th, 1929. Before taking over these stocks we would suggest that you come to an agreement with the B. & Z. Company as to the exact

number of bags taken over. This should be done by having a physical count taken. After October 28th you will report to us weekly stocks on hand in the section of your warehouse formerly under control of the B. & Z. Company.

We would also request that you give us separate weekly stock reports showing Hershey sugar on hand in L. & A. Ware-
2713 house. This is entirely separate from the old B. & Z. stocks, and should be kept separate on your records at all times.

Mr. C. W. Ziegler will talk personally with you regarding this; and if questions arise, please take them up with him or advise us.

Yours very truly,

H. H. PIKE & Co., INC.,
R. F. POTTER,
Asst. Secy.-Treas.

P. S.—Of course you understand that any arrangements which we may make are temporary, as final arrangements will depend on what warehouses are approved by the Sugar Institute.

2714 *Government Exhibit 389–I1*

THE AMERICAN SUGAR REFINING COMPANY,
BALTIMORE, MARYLAND, *October 30, 1929.*

Mr. C. H. WHITE, Jr.,
117 Wall Street, New York City.

DEAR MR. WHITE: Now that all consignments in Wilmington, North Carolina, have been discontinued, we are going to be compelled to rely upon weekly shipments from New York to Wilmington. Our service will be very poor when compared with Savannah, who ships by rail to Wilmington, and is in a position to render daily service to customers located there.

The rail rate from Savannah to Wilmington is 34 cents, the rail rate from Baltimore to Wilmington is 36 cents, while the prevailing rate in Wilmington is the boat rate of 20 cents from New York.

If there is no question of reinstating the consignment at Wilmington, do you not think it would be a good move to attempt to increase the selling rate to 34 cents, which would put us in a position to ship direct from Baltimore and give siding delivery.

We would be glad to hear from you regarding this matter.

Very truly yours,

J. A. MONET, *Sales Manager.*

(American files.)

2715 *Government Exhibit 389–J1*

[File Copy]

H. H. PIKE & Co., INC.,
November 23rd, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

Re: Your File B–255

GENTLEMEN: We have your letter of November 22nd regarding the report that our Miami Brokers were delaying billing on deliveries to the Greek & Italian Importing Company.

Since receiving that report our Auditor has not been in Florida, and, therefore, we have not had occasion to actually check the Broker's records. However, we did call this complaint to the attention of our Broker and received a very emphatic denial.

We expect our Auditor to be in Florida within the next month, and an investigation of this complaint will be made. We shall be very pleased to report to you at that time the developments in the case.

Yours very truly,

H. H. PIKE & Co., INC.,
Asst. Secy.-Treas.

RFP: EMR.

2716 *Government Exhibit 389–K1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 22, 1929.

H. H. PIKE & COMPANY,
91 Wall Street, New York, N. Y.

GENTLEMEN: Some time ago we wrote you in regard to the statement given to us that your brokers in Miami were delaying billing at the request of Greek & Italian Importing Company.

We received a reply from you on September 25th stating that your auditor would make a specific investigation of this case, and we are wondering if by any chance you have heard anything further in this matter.

Very truly yours,

(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

2717 *Government Exhibit 389–L1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 10th, 1929.

To: Interested members of THE SUGAR INSTITUTE:

GENTLEMEN: The attached copy of letter from Lamborn & Co. is self-explanatory. Will you please advise us promptly if you are interested.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

2718 *Government Exhibit 389–M1*

[Copy]

LAMBORN & COMPANY, INC.,
New York, December 6, 1929.

SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

(Attention: Mr. Fred G. Taylor.)

GENTLEMEN: We believe it would be well for you to investigate the freight rates being used by the various interests on Suffolk, Va.

We have understood that on shipments to Suffolk, out of either Baltimore or Norfolk, the Baltimore less-carload rate is to apply on less-carload shipments and the Baltimore carload rate to apply on carload shipments.

We are getting constant reports to the effect that sugars are being sold to Suffolk buyers on the basis of the Baltimore carload rate, even though shipments are made in less-carload lots.

Also, we learn that someone is tampering with the Lynchburg situation. Certain Lynchburg buyers are securing from Norfolk sugars in 100- and 200-bag lots and are paying a rate of 28¢ per hundred, which is the Norfolk to Lynchburg any-quantity rate, whereas the rate that should apply on these l. c. l. shipments is 38¢, it being the Baltimore l. c. l. rate.

Our principal, José Arechabala, S. A., have instructed us to meet this competition in Lynchburg and Suffolk. However, we do not desire to bring about a demoralization of rates at these two points, fearing that it would be unfortunate for all concerned to have this happen. If you can use your good offices to correct the condition, we shall very much appreciate it, and we will postpone action for the present.

We believe you can accomplish this by taking the matter up with all of the refiners doing business through Norfolk and Baltimore, and with all of the representatives of outside white sugars, such as Pike, Lowry, and Armstrong.

2719 We would like to go on record as saying that we have been strictly adhering to the application of rates for these two markets *ever since it was decided upon a year ago.*

Very truly yours,

LAMBORN & COMPANY, INC.,
(Signed) ODY H. LAMBORN, *Manager.*

2720 *Government Exhibit 389–N1*

[File copy]

H. H. PIKE & Co., INC.,
December 11, 1929.

THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.

GENTLEMEN: Your letter December 10th enclosing copy of letter from Lamborn & Co. regarding the rate situation in Virginia is very interesting.

We have known that these deplorable conditions have existed for quite a long time and the unfortunate circumstances have just about *driven us out of eastern Virginia.*

I am quite sure you know the members of the Sugar Institute who are guilty of committing these discrepancies. I think you will find the Institute members guilty, will hide behind the action of their Norfolk brokers.

Not only are these conditions irregular in the eastern section of Virginia, referred to by Lamborn & Company, but similar irregularities occur in the northern part of that state, due to cheap trucking rate from Baltimore, about which we wrote you recently.

Yours truly,

H. H. PIKE & COMPANY, INC.

2721 *Government Exhibit 389–O1*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 24, 1929.

Mr. L. S. PERRY,
Pike & Co., 91 Wall Street, New York City.

DEAR MR. PERRY: You advised us verbally on a former occasion that you were willing to withdraw consignments from Meridian, Miss.

Will you please confirm that understanding, as we are about to announce a date upon which it shall be withdrawn.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
(Signed) FRED G. TAYLOR,
Executive Vice Secretary.

2722 *Government Exhibit 389–P1*

[File copy]

H. H. PIKE & Co., INC.,
Dec. 26th, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.
(Attention Mr. Fred G. Taylor.)

GENTLEMEN: Your letter of Dec. 24th.

We have never had a consignment point in Mississippi and do not expect to open any. We would be very glad to see Meridian discontinued as a consignment point.

Yours truly,

H. H. PIKE & Co., INC.

2723 *Government Exhibit 389–Q1*

[File copy]

H. H. PIKE & Co., INC.,
January 2, 1930.

THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.
(Attention Mr. Patterson.)

GENTLEMEN: We have acknowledgment of our recent letter to our brokers at Richmond, in which we stated that we expect to live up to *the agreement to sell at Lynchburg on the Baltimore water-rail rate for carload shipments*, and the Baltimore water-rail less carload rate for less carload shipments on all new business.

We are willing to go along on this matter but we do not hesitate to state that we are skeptical on the situation in view of the unlimited number of violations of selling rates in the state of Virginia during the past few months. It is simply impossible for us to believe that our competitors will follow out this basis. They will figure out some way to defeat it. For instance, they are selling sugar at Norfolk on the basis of 7¢ over Baltimore instead of the *agreed basis of 20½¢* and they will no doubt arrange it so that their Baltimore brokers and jobbers can sell f. o. b. Norfolk and defeat this through water-rail less carload rate at Lynchburg due to the fact that rates apply on any quantity basis from Norfolk to Lynchburg.

As stated above, we agreed to abide by this new plan submitted by you, but we wish to go on record in stating that the first violation we hear of being made by our competitors we will consider enough proof for us to resume our old selling basis on any quantity rates at Lynchburg.

Yours truly,

H. H. PIKE & COMPANY, INC.

2724 *Government Exhibit 389–R1*

[File copy]

H. H. PIKE & Co., INC.,
January 12, 1930.

THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.

GENTLEMEN: On January 7th, 1930, we sold the balance of old stock sugar we had on hand in the Louisville Public Warehouse, Louisville, Ky., which amounted to 9,550 bags, at a delivered price of $5.459 per bag. You can turn this $5.00 plus the barge rate, or $4.93½ plus the Savannah rail rate. It is invoiced on the delivered basis of $5.459, and it is immaterial to us how you term it.

In the latter part of November or early December 1929 we notified The Sugar Institute officially that we had on hand at Louisville, Ky., in the Louisville Public Warehouse, about 15,000 bags of Hershey Sugar, which we considered frozen stock and we were going to put it on the market at $4.90. We only succeeded in selling at that price a little over 5,000 bags, until the balance was closed out on January 7th at delivered price of $5.459. This sugar had been on hand since August (with the exception of one barge lot which was in transit up the River at that time), and we added no more to that stock after the above date. The Sugar was getting hard, and our Louisville brokers were unable to sell any of this sugar from August until the time above mentioned with the exception of 900 bags, and we therefore decided that we must sell this sugar at a price which would move it as frozen stock.

Our terms for selling sugar at Louisville, Ky., are now $5.20 plus the Savannah prepay of .526, and unless we can sell sugar upon that price we will make no further efforts to remain in the Louisville market. However, if our Louisville broker can make sales at our regular announced prices and on the Savannah prepay basis, we will continue to sell sugar at Louisville both by direct shipments to consignees or by keeping a very limited stock on hand in Public Warehouses at Louisville.

We have been open and above board regarding this entire matter and we have shown all of our records to your Mr. Patterson, which substantiate all the above statements. We also feel that we have been called upon to answer entirely too many unnecessary questions regarding the sale of the above lot of frozen stock, and we sincerely trust that this will be the last letter it is necessary for us to write on this subject.

Yours truly,

H. H. PIKE & COMPANY, INC.

2725 *Government Exhibit 389–S1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 21, 1930.

To all members of the Sugar Institute, Inc.:

Subject: Warehouses

GENTLEMEN: Enclosed you will find a list of warehouses in which, according to the Institute records, your Company is carrying consignments. The Board of Directors, at their meeting of January 16th, recommended that all stocks in these warehouses be completely cleaned up on or before February 20th.

Please notify us as soon as they are liquidated.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

2726 *Government Exhibit 389–T1*

THE SUGAR INSTITUTE, INC.,
January 21, 1930.

The Hershey Corporation

Warehouses from which stocks should be completely eliminated on or before February 20th, 1930:

Bradley Warehouse, Indianapolis, Indiana.
Keystone Storage Co., Pittsburgh, Pennsylvania.

2727 *Government Exhibit 389–U1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 23, 1931.

H. H. PIKE & COMPANY,
91 Wall Street, New York City.

GENTLEMEN: We are in receipt of your letter dated March 13th advising us of your intention to store with the Bonded Service Company, Inc., Atlanta, Ga.

We have circulated the name of this warehouse among the interested members and up to this writing have not received any complaints against it. Therefore, we shall expect to receive from you within the usual fourteen-day period a nonrecating warehouse agreement signed by these people.

Very truly yours,

(Signed) S. I. STILLMAN.
SEYM UR I. STILLMAN.

2728 *Government Exhibit 389–V1*

[File copy]

H. H. PIKE & Co., INC.,
Mar. 13th, 1931.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City.
(Attention Mr. Irving Fisher.)

DEAR SIRS: We wish to give you formal notice that we expect to use the Bonded Service Company, Inc., 174 Butler St. S. E., Atlanta, Ga., for the storage of Hershey Refined Sugar.

This is very conveniently located and a satisfactory public warehouse—all stock and assets of which are owned by Mr. J. R. Scott—who is in no way interested with any brokerage organization nor wholesale grocery company, and is fully capable for carrying on a satisfactory public warehouse service. He is soliciting storage from all the refiners selling sugar in Atlanta, and we expect to furnish him with a fair share of our storage business.

Very truly yours,

H. H. PIKE & Co., INC.

2729 *Government Exhibit 389–W1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 23, 1931.

H. H. PIKE & COMPANY,
91 Wall Street, New York City.

GENTLEMEN: We are in receipt of your letter dated March 13th advising us of your intention to store with the Bonded Service Company, Inc., Atlanta, Ga.

We have circulated the name of this warehouse among the interested members and up to this writing have not received any complaints against it. Therefore we shall expect to receive from you within the usual fourteen-day period a nonrebating warehouse agreement signed by these people.

Very truly yours,

SEYMOUR I. STILLMAN.

2730 *Government Exhibit 389–X1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 10, 1931.

Mr. H. H. PIKE, Jr.,
H. H. Pike & Co., 91 Wall Street, New York, N. Y.

DEAR MR. PIKE: Confirming my telephone conversation with you yesterday, I quote the following from letters of complaint that have been received regarding the subject of our discussion:

"We have written you so often about complaints made to us as to Hershey not selling strictly in accordance with their open announcement and with the Code of Ethics in the South, and are wondering whether you have investigated the situation and found out whether these various complaints, which in substance we have communicated to you from time to time, are correct or not.

"We received today again a letter addressed to one of our friends by a brokerage concern in the South, reading as follows:

"'To further post you as to the competition we are suffering down here: On the former advance, when sugar was $4.35, Hershey's Mobile brokers booked Stewart, King & McKenzie twenty cars, told them to book it, use it, or leave it. For liberality we give it to them! Of course when sugar advanced yesterday to $4.65, Stewart, King & McKenzie appreciated the liberality, and there will hardly be any "leaving", as they did not book on the $4.55 basis. Imagine where this puts the other Selma jobbers, as to selling sugar the next thirty days.

"'Also, when the new advance came yesterday—had a balance with Hershey, on the old contract, $4.35, of four cars. Mr. ——— made the statment to the writer, the day before yesterday, July 1st, that his sugar cost him $4.35 F. O. B. Mobile, plus 15¢ per hundred boat rate to Selma.

"'We guess we might as well forget sugar.'

"We therefore have in mind of cutting the prepaid freight basis in connection with our sales to Selma, to 15.5¢. However, before so doing and advising you definitely, we would like to ask you again to kindly make sure as to the indirect concessions given to the Selma trade that buys Hershey's sugars. It is immaterial to us whether Hershey sells the sugars as indicated above or whether the buyer has the privilege to buy Hershey's sugars on that basis by getting a refund from the trucking concern or from the boat line. As long as the statement made above by one of the sugar buyers in Selma is correct and Hershey's sugars are available to the trade on the 15-cent rate in Selma, we are seriously considering making such an announcement."

2731 "We are very confidentially informed that Hershey is making a direct or indirect allowance to the Fort Worth Wholesale Grocery Company, of Fort Worth, Texas, and since we have received this information first hand we do not doubt that same is correct. It is our impression that Hershey is making an allowance either in connection with the price or else is giving sugars away for nothing in connection with each delivery, or else is making some other secret concession, and unless this practice is stopped we may be obliged to meet this competition.

"We therefore ask that you kindly investigate this matter very closely and have this practice eliminated."

Mr. Patterson no doubt advised you that the investigation of our agent who recently visited Mobile disclosed that the alleged advan-

tages are being gained by the Selma jobbers under this trucking arrangement.

We believe this whole matter is of sufficient importance to justify your immediate investigation, and will appreciate a reply at your earliest convenience.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

2732 *Government Exhibit 390*

[On facing page]

2733 *Government Exhibit 391*

[Telegram]

PHILADELPHIA, *May 2, 1929.*

[Copy]

Referring to the Sugar Institute recommendation that no brokerage be paid anyone interested in warehousing or merchandising sugar and that no further sugar be stored in sugar brokers' or customers' warehouses, we advise that we have adopted such recommendation as our policy. Brokerage will be paid on sales through brokers out of stock now consigned in brokers' warehouses. Please advise us by wire whether you and your affiliated interests desire to deal with us either as broker, warehouseman, or merchant. Any position taken with us must be consistent with that taken by you with any of our competitors.

THE FRANKLIN SUGAR REFINING COMPANY,
125 So. Orianna Street, Philadelphia, Pa.

(American files.)

2734 *Government Exhibit 391-A*

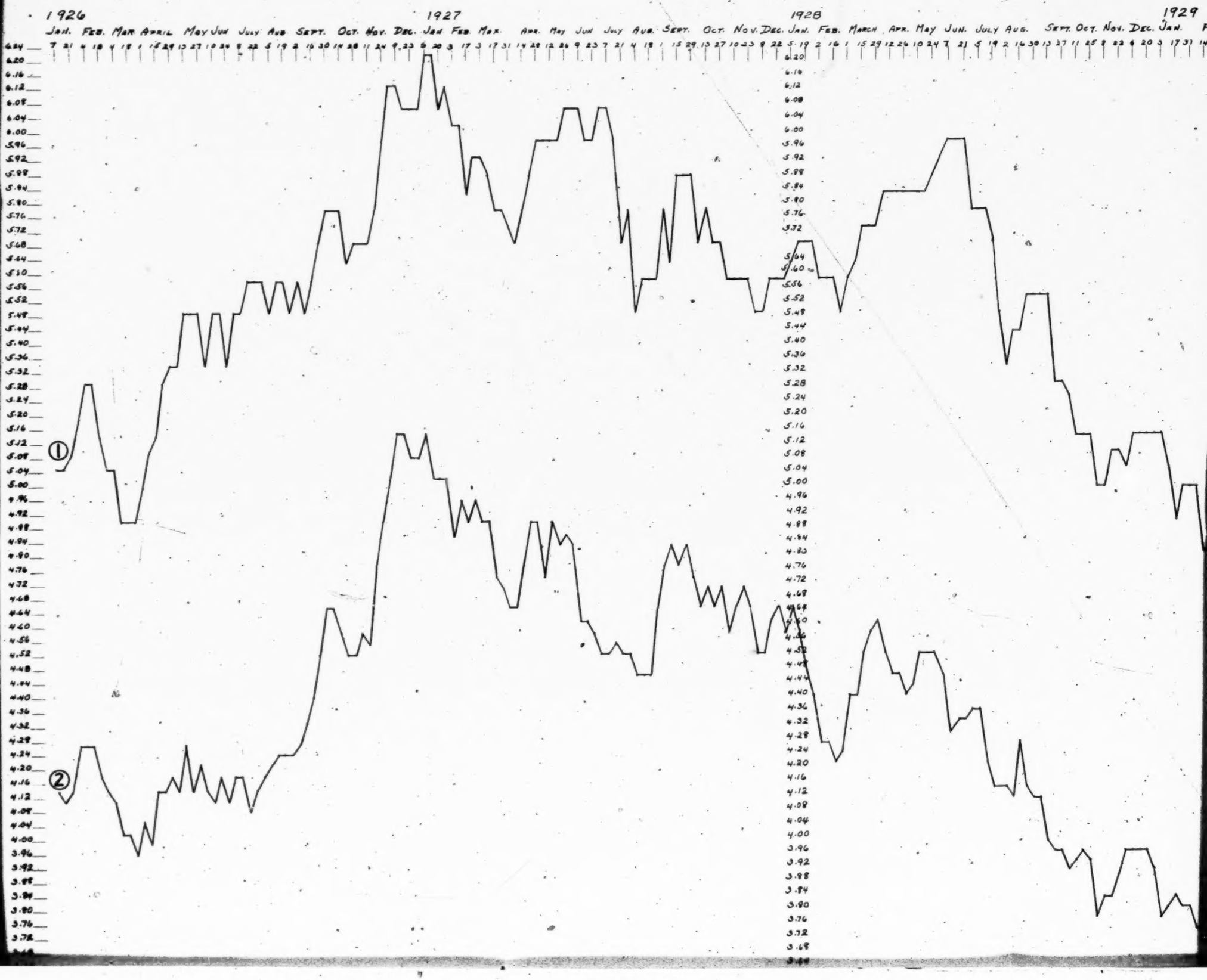
THE FRANKLIN SUGAR REFINING CO.,
Office Stock Exchange Place, Philadelphia, May 3, 1929.

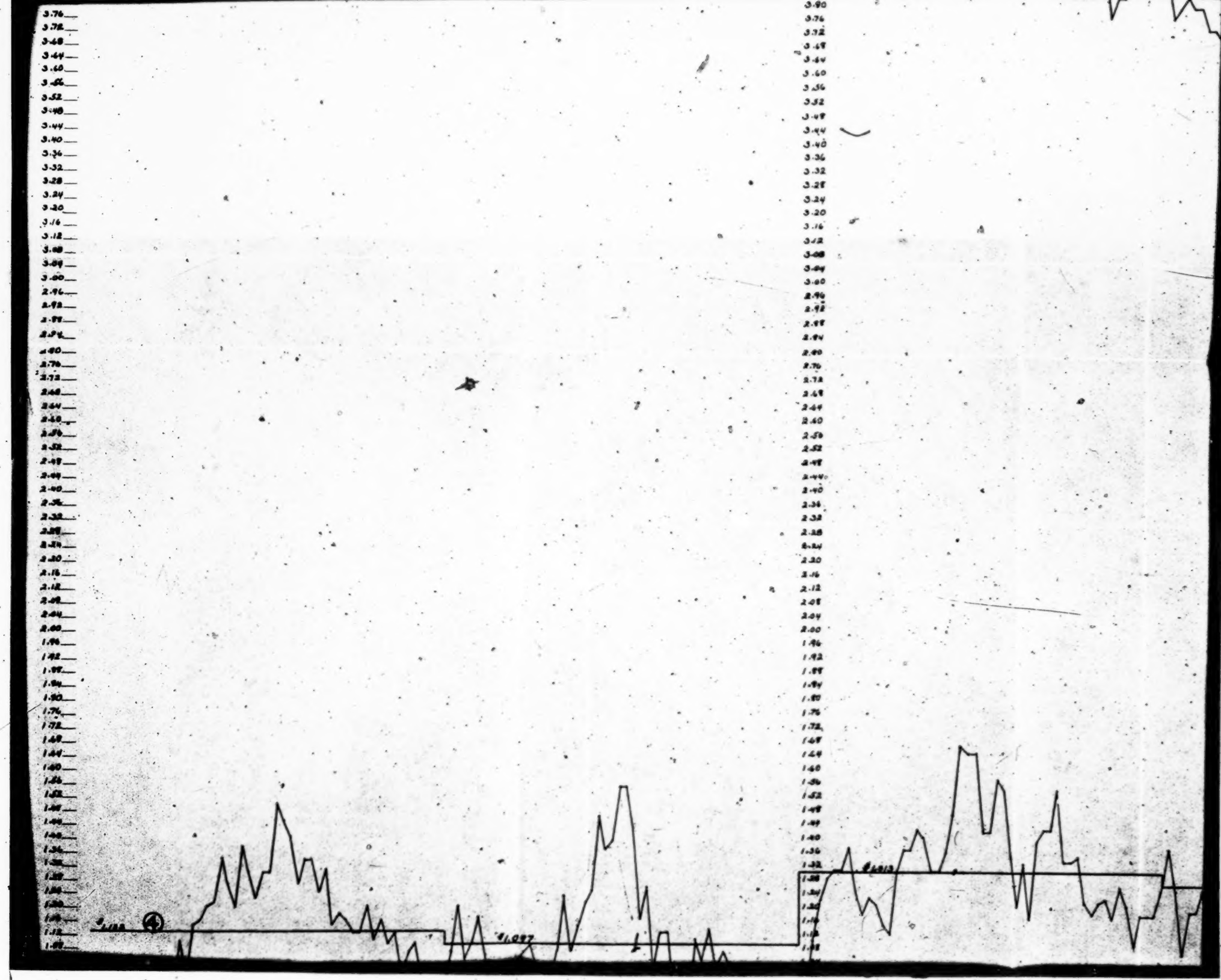
Mr. H. G. HALLBERT,
c/o The American Sugar Refining Company,
117 Wall St., New York, N. Y.

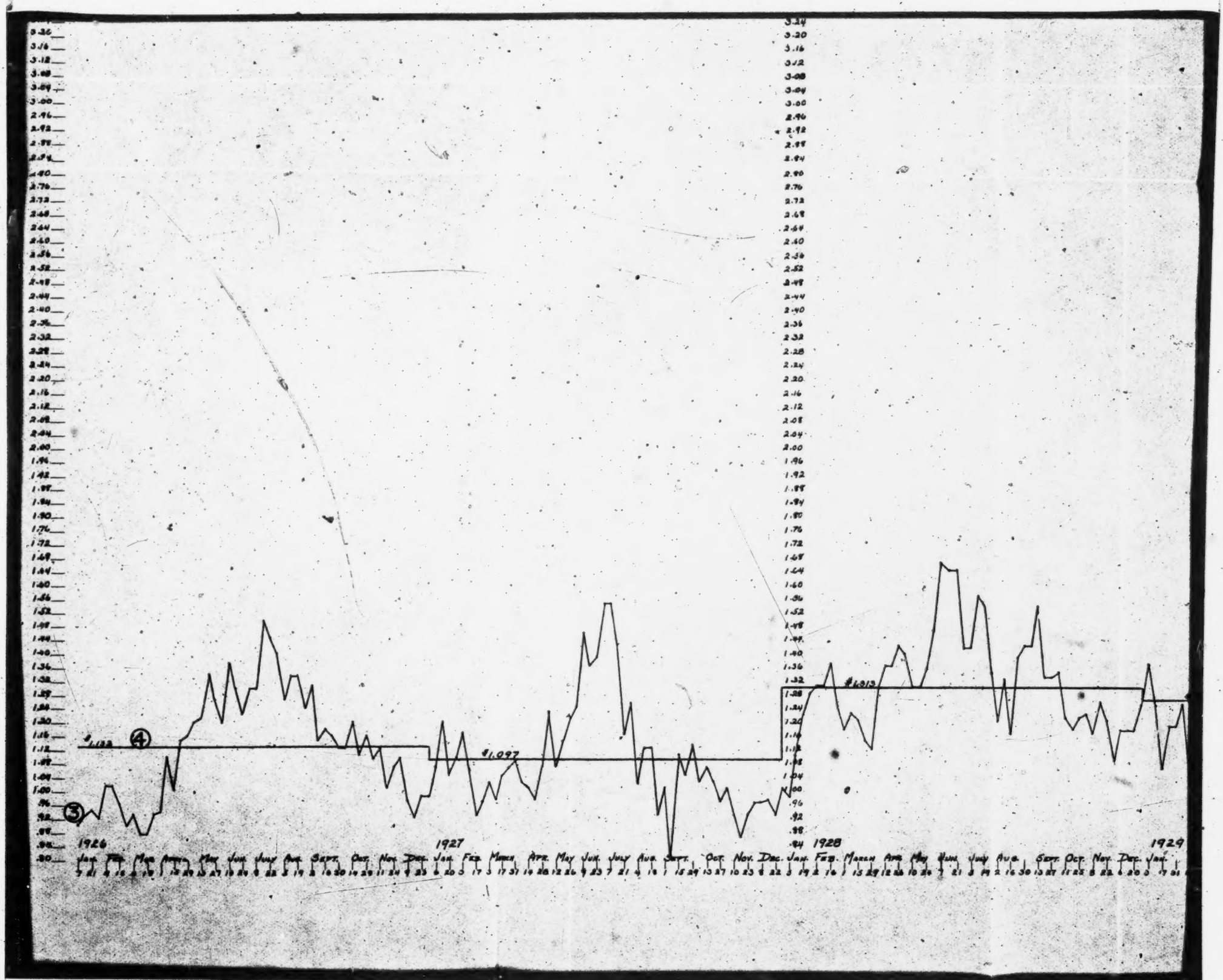
DEAR MR. HALLBERT: We wish to advise that we sent the following telegram to our entire list of brokers:

"Referring to the Sugar Institute recommendation that no brokerage be paid anyone interested in warehousing or merchandising sugar, and that no further sugar be stored in sugar brokers' or customers' warehouses, we advise that we have adopted such recommendation as our policy. Brokerage will be paid on sales through brokers out of stock now consigned in brokers' warehouses. Please

Government Exhibit 390.



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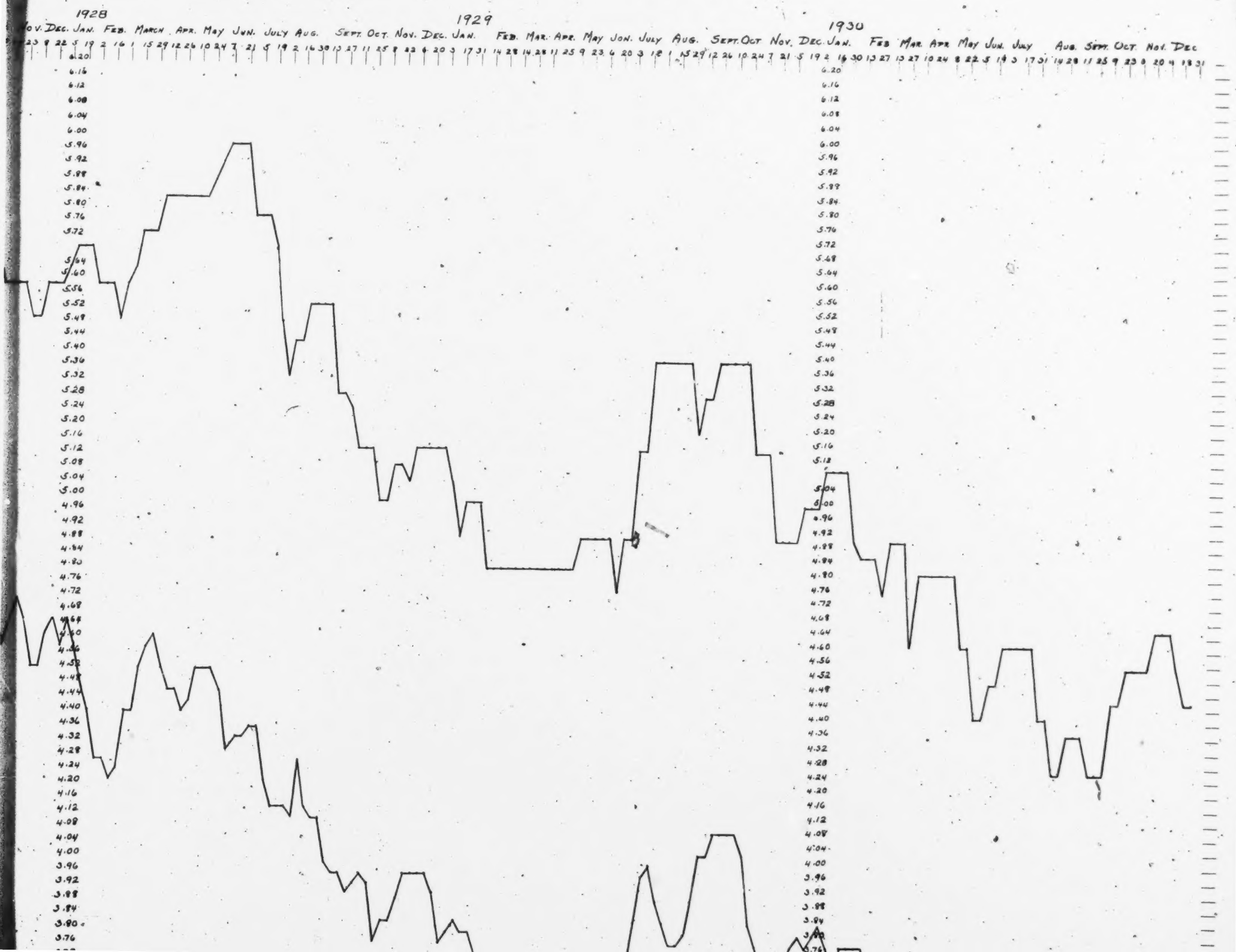
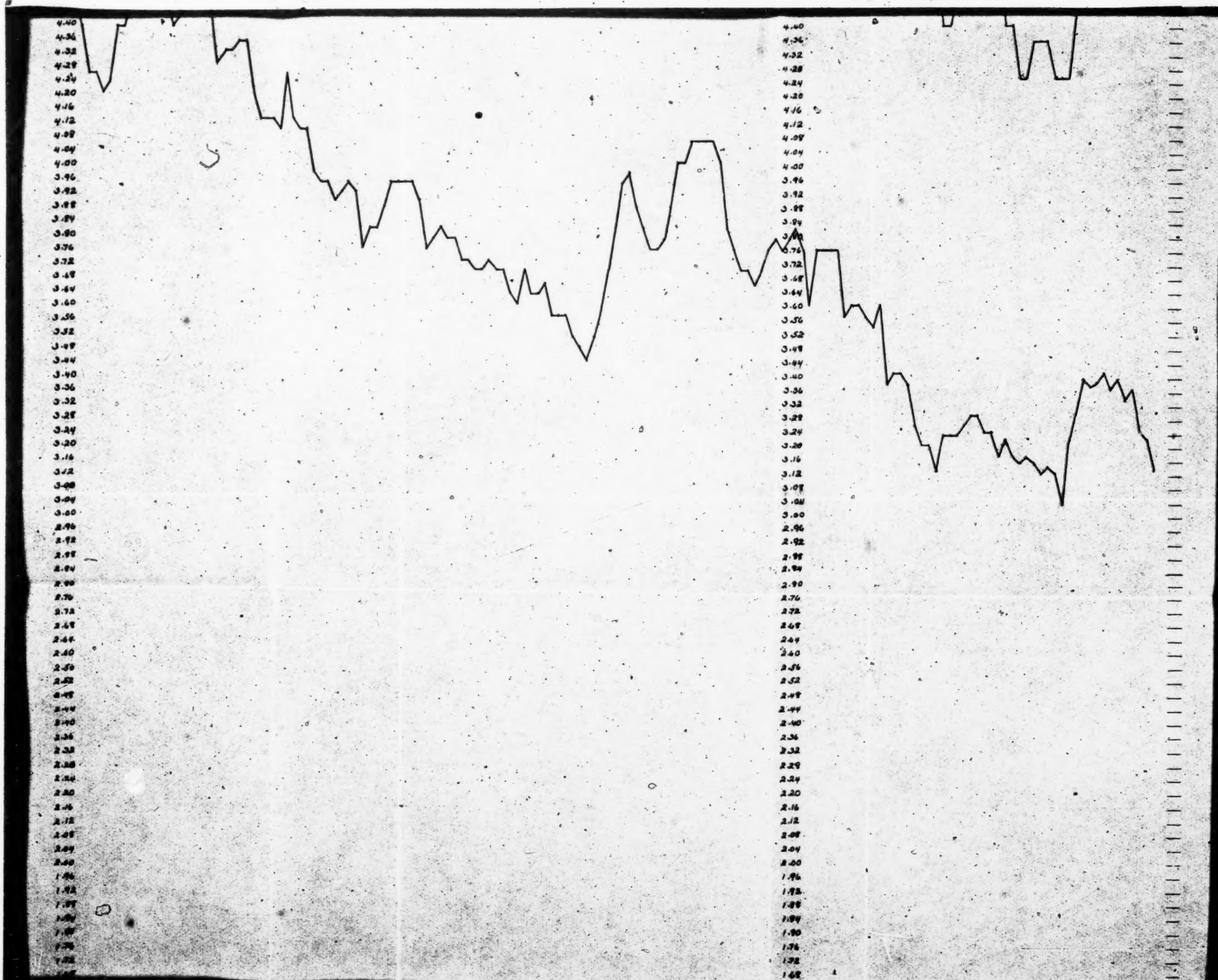
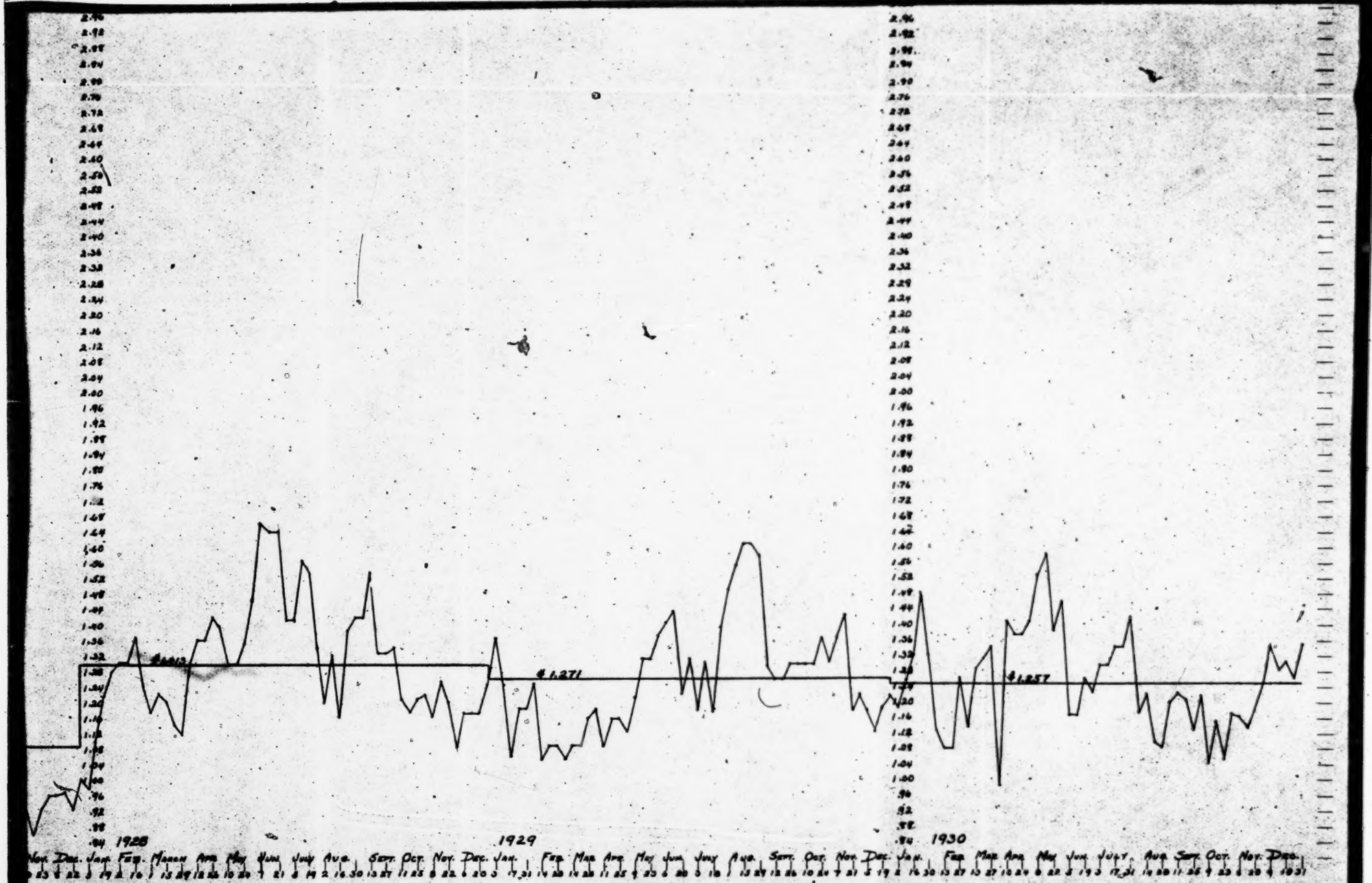
Government Exhibit 390







PRICE RANGE OF RAW & REFINED CANE SUGAR 1926-1930
(BASED ON WEEKLY QUOTATIONS)

1 —— WHOLESALE PRICE GRANULATED - NET CASH
2 —— WHOLESALE PRICE 96 CENTRIFUGALS - SPOT OR PRIMPT
3 —— DIFFERENTIAL BETWEEN GRANULATED & 96° CENTRIFUGALS
4 —— AVERAGE DIFFERENTIAL ANNUAL BASIS

REFERENCE:
WEEKLY STATISTICAL SUGAR TRADE JOURNAL
WILLETT & GRAY, NEW YORK - PUBLISHERS

LRP

advise us by wire whether you and your affiliated interests desire to deal with us either as broker warehousemen or merchant Stop. Any position taken with us must be consistent with that taken by you with any of our competitors."

In the case of the out-of-town brokers, we sent them the regular night letter, and we handled the message to the city brokers by mail.

We will forward to you the replies that we get from our brokers as fast as they come in.

Yours very truly,

THE FRANKLIN SUGAR REFINING COMPANY,
E. V. GOODY.

(American files.)

2735 *Government Exhibit 391–B*

[Postal Telegraph]

MAY 3, 1929.

Enforcement Committee recommend following wire to be sent Saturday to all who have not replied. Quote Referring to our telegram of May second, to which we have as yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as *broker exclusively* or as *merchant exclusively* or as *warehouseman exclusively* has been notified to us and satisfactorily established Unquote. Kindly wire Institute by Monday noon names and election of those replying and whether you are satisfied with status elected.

THE SUGAR INSTITUTE.

2736 *Government Exhibit 391–C*

[Western Union]

SAVANNAH, GA., *May 2, 1929—7:51 p. m.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York. N. Y.:

We wired all brokers Thursday, May second, as follows: Quote, Referring to the Sugar Institute's recommendation that no brokerage be paid anyone interested in warehousing or merchandising sugar and that no further sugar be stored in sugar brokers' or customers' warehouses, we advise that we have adopted such recommendation as our policy. Brokerage will be paid on sales through brokers out of stocks now consigned to brokers' warehouses. Please advise us by wire whether you and your affiliated interests desire to deal with us either as broker or warehouseman or merchant Stop. Any position taken with us must be consistent with that taken by you with any of our competitors.

SAVANNAH SUGAR REFINING CORP'N.

2737 *Government Exhibit 391–D*

ARBUCKLE BROTHERS,
New York, May 4, 1929.

To the Brokers:

GENTLEMEN: Referring to our memorandum of May 3rd, to which we have as yet received no reply.

Please be advised that we cannot accept business from any person, firm, or corporation until their status as broker exclusively or as merchant exclusively or as warehouseman exclusively has been notified to us and satisfactorily established.

We presume you understand that it is your responsibility to answer for your subbrokers.

Yours very truly,

ARBUCKLE BROTHERS,
J. P. CODY,
Sugar Sales Dept.

2738 *Government Exhibit 391–E*

[Postal Telegraph]

MAY 7, 1929.

TEXAS SUGAR REFINING COMPANY,
Texas City, Texas:

All brokers should be notified of Institute action and required to put themselves on record as not being in warehouse or merchandising business. Names of those thus qualifying to satisfaction of refiner should be notified to Institute.

THE SUGAR INSTITUTE.

2739 *Government Exhibit 391–F*

[Postal Telegraph]

MAY 7, 1929.

Supplementing list of brokers qualifying under recent resolution you are also requested to submit separate list of those brokers who *prior to May second* were engaged either directly or through affiliated interests in warehousing or merchandising, as Institute desires to make separate check on their future activities.

THE SUGAR INSTITUTE.

2740 *Government Exhibit 391–G*

[Postal Telegraph]

MAY 7, 1929.

Enforcement Committee recommends in case new business is offered before reasonable time for adjustment of present warehouse business of brokers has elapsed *it should be accepted only on condition* that

broker has signified his election to be *exclusively broker* to the satisfaction of refiner and that no more consignments be made to warehouse pending complete severance of business.

THE SUGAR INSTITUTE.

2741 *Government Exhibit 391–H*

[Postal Telegraph]

MAY 2, 1929.

WM. HENDERSON,
749 So. Peters St., New Orleans, La.:

Send following by night letter to all brokers and others affected: Quote Referring to the Sugar Institute's recommendation that no brokerage be paid anyone interested in warehousing or merchandising sugar and that no further sugar be stored in sugar brokers' or customers' warehouses, we advise that we have adopted such recommendation as our policy. Brokerage will be paid on sales through brokers out of stocks now consigned to brokers' warehouses. Please advise us by wire whether you and your affiliated interests desire to deal with us either as broker warehouseman or merchant Stop. Any position taken with us must be consistent with that taken by you with any of our competitors Unquote.

WM. HENDERSON.

(Henderson files.)

2742 *Government Exhibit 391–I*

Exhibit 391–I (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Henderson, dated May 4, 1929, identical with Exhibit 391–B.

2743 *Government Exhibit 391–J*

[Postal Telegraph]

NEW YORK, N. Y., *May 4, 1929, 1:57 a. m.*

HENDERSON,
New Orleans:

Kindly wire Institute by Monday noon names and election of those replying and whether you are satisfied with status elected.

THE SUGAR INSTITUTE.

(Henderson files.)

2744 *Government Exhibit 391–K*

[Telegram]

MAY 4, 1929.

W. R. Block, Evansville, Ind.
Carothers & Carothers, Chattanooga, Tenn.
Greenwood Com. Co., Greenwood, Miss.
Lewis & Culp, Inc., Louisville, Ky.
Meador & Barnett, Inc., Mobile, Ala.
Merrill Brok. Co., Keokuk, Iowa.

Must have immediate reply your status broker or warehouseman or merchant.

WM. HENDERSON.

(Henderson files.)

2745 *Government Exhibit 391–L*

Exhibit 391–L (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Henderson, dated May 7, 1929, identical with Exhibit 391–F.

2746 *Government Exhibit 391–M*

Exhibit 391–M (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Henderson, dated May 7, 1929, identical with Exhibit 391–G.

2747 *Government Exhibit 391–N*

[Telegram]

MAY 2, 1929.

REVERE SUGAR REFINERY,
15 Broad Street, Boston, Mass.:

Send out following telegram to all our brokers: Quote Referring to Sugar Institute's recommendation that no brokerage be paid anyone interested in warehousing or merchandizing sugar and that no further sugar be stored in sugar brokers' or customers' warehouses, we advise that we have adopted such recommendation as our policy. Brokerage will be paid on sales through brokers out of stocks now consigned to brokers' warehouses. Please advise us by wire whether you and your affiliated interests desire to deal with us, either as broker, warehouseman, or merchant stop. Any position taken with us must be consistent with that taken by you with any of our competitors unquote.

H. E. WORCESTER.

(Revere files.)

2748 *Government Exhibit 391–O*

[Western Union]

NEW YORK, N. Y., *May 2, 1929—2:04 p. m.*

Col. H. B. MOORE,
Texas Sugar Refining Corp., Texas City, Tex.:

Wire all your brokers tonight as follows: Quote Referring to the Sugar Institute recommendation that no brokerage be paid anyone interested in *warehousing* or *merchandise sugar and that no further sugar be stored in sugar brokers' or customers' warehouses*, we advise that we have adopted such recommendation as our policy. Brokerage will be paid on sales through brokers out of stocks now consigned to brokers' warehouses. Please advise us by wire whether you and your affiliated interests desire to deal with us, either as broker or warehouseman or merchant stop. Any position taken with us must be consistent with that taken by you with any of our competitors unquote.

ALEXANDER SMITH.

(Texas files.)

2749 *Government Exhibit 391–P*

MAY 3, 1929.

To all Brokers:

Refiners are issuing the following general instructions to their Brokers:

"Referring to the Sugar Institute recommendation that no brokerage be paid anyone interested in warehousing or merchandise sugar and that no further sugar be stored in sugar brokers' or customers' warehouses, we advise that we have adopted such recommendation as our policy. Brokerage will be paid on sales through brokers out of stocks now consigned to brokers' warehouses. Please advise us by wire whether you and your affiliated interests desire to deal with us either as broker or warehouseman or merchant. Any position taken with us must be consistent with that taken by you with any of our competitors."

This applies all over the country, and evidently in certain localities Brokers have been engaged in the warehousing and merchandising of sugar.

We do not understand that any of our Brokers at any point are participating in this practice, but in line with our *passing on to you all instructions and policies of the Institute*, please read this message carefully and consider it a *part of your requirements under the Institute Rulings.*

Your very truly,

Sales Manager.

(Texas files.)

2750 *Government Exhibit 391–Q*

Exhibit 391–Q (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Texas, dated May 3, 1929, identical with Exhibit 391–B.

2751 *Government Exhibit 391–R*

MAY 4TH, 1929.

To all Brokers:

We are having to file with The Sugar Institute by noon Monday, May 6th, names of Brokers handling our account, who have no interest in warehousing or merchandising, but who are wholly and exclusively Brokers of our sugars; and if you cannot qualify with us as exclusively a Broker with no interest, direct or indirect, in warehousing or merchandising, please telegraph us to that effect not later than 11:00 A. M. Monday, May 6th, and in any event, kindly acknowledge receipt of this and our letter of May 3rd, and advise if understood.

Yours very truly,

Sales Manager.

(Texas files.)

2752 *Government Exhibit 391–S*

Exhibit 391–S (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Texas, dated May 7, 1929, identical with Exhibit 391–E.

2753 *Government Exhibit 391–T*

Exhibit 391–T (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Texas, dated May 7, 1929, identical with Exhibit 391–F.

2754 *Government Exhibit 391–U*

MAY 7TH, 1929.

No. 2

To All Brokers:

Further reference to our letters of May 3rd and 4th, relative to connection between Brokers and Warehouses—we quote, for your information, Institute's wire to us at 10:12 A. M. today, as follows:

"Supplementing list of brokers qualifying under recent resolution, you are also requested to submit separate list of those brokers who prior to May second were engaged either directly or through affiliated interests in warehousing or merchandising as Institute desires to make separate check on their future activities."

Also a later wire at 10:17 A. M. today, as follows:

"Enforcement committee recommends in case new business is offered before reasonable time for adjustment of present warehouse business of brokers has elapsed it should be accepted only on condition that broker has signified his election to be exclusively broker to the satisfaction of refiner and that no more consignments be made to warehouse pending complete severance of business."

We understand that none of our Brokers will be penalized under these new arrangements and these wires are quoted to you so you will see the very strong position of the Institute today in connection with the marketing of sugar.

We consider the *recent results of the Chicago rate situation, together with the requirements now being put before us*, as the strongest evidence of the appreciation by the refiners of the need and necessity of the Institute and its Code of Ethics *to protect the profits of the sugar refiner*. This is gone into in detail to impress on you the very great interest which we have in all of the Institute's proceedings.

Yours very truly,

Sales Manager.

(Texas files.)

2755 *Government Exhibit 391–V*

MAY 8TH, 1929.

SMITH BROS. BROKERAGE COMPANY,
Tyler, Texas.

GENTLEMEN: Every Broker we have from St. Paul, Minn., to Brownsville complied with instructions in our Circular of the 4th instant except you Boys, and I want you to please wire me without fail tomorrow morning, in accordance with the request contained in that Circular, which wire we should have had by noon Monday, May 6th.

In the meantime, we have reported you to the Sugar Institute as exclusive Brokers, but we want a wire from you in our files covering this point. Won't you please, Boys, in future, give such matters your attention, as these things are not only important to us, but they are in accordance with *requirements on every sugar refinery in the United States*, and, as stated, you are the only Broker on our list who failed to immediately advise us in accordance with our request—and we want a wire from you in the morning, without fail, to complete our file.

With best regards,

Yours very truly,

Sales Manager.

(Texas files.)

2756 *Government Exhibit 931–W*

MAY 2ND, 1929.

MR. FRANK D. FIELDS,
Laurel Line Freight House, Scranton, Penna.

DEAR SIR: We confirm telegram sent you today as follows:

"Referring to the Sugar Institute's recommendations that no brokerage be paid anyone interested in warehousing or merchandising of sugar, and that no further sugar be stored in sugar broker's or customer's warehouses. We advise that we have adopted such recommendations as our policy.

Brokerage will be paid on sales through brokers out of stocks now consigned to brokers' warehouses. Please advise us by wire whether you and your affiliated interests desire to deal with us either as warehousemen or brokers or merchants. Any position taken by you with us must be consistent with that taken by you with any of our competitors."

We give you on a separate sheet the recommendations made by the Sugar Institute which we have whole-heartedly adopted. We believe these recommendations are clear and require no explanation. If, however, there are any questions in your mind, we will ask that you get in touch with us promptly.

You understand that we have adopted these recommendations as our policy and will permit of no deviations therefrom.

Yours very truly,

PENNSYLVANIA SUGAR COMPANY,

Assistant Sales Manager.

(Pennsylvania files.)

2757 *Government Exhibit 391–X*

Exhibit 391–X (filed with the Clerk of the Supreme Court in lieu of printing) is a letter from American to Willett & Gray, dated May 3, 1929, identical with Exhibit 391.

2758 *Government Exhibit 391–Y*

[Telegram]

NEW YORK, *May 2, 1929.*

SUMMIT WHOL. GRO. COMPANY,
36 South College St., Akron, Ohio.

Referring to the Sugar Institute recommendation that no further sugar be stored in customers' warehouses we advise that we have adopted such recommendation for our policy. Stop. Under the circumstances we will not ship any further sugar for storage in Star Warehouse.

C. H. WHITE, Jr.

(American files.)

2759 *Government Exhibits 391-Z, 391-AA*

Exhibits 391-Z and 391-AA (filed with the Clerk of the Supreme Court in lieu of printing) are telegrams from American to its brokers in Evansville, Ind., and Detroit, Mich., dated May 2, 1929, identical with Exhibit 391-Y except as to the warehouses disqualified.

2760 *Government Exhibit 391-BB*

[Telegram]

NEW YORK, *May 2, 1929.*

CLEVELAND MERC. COMPANY,
2000 W. 14th St., Cleveland, Ohio:

Referring to the Sugar Institute recommendation that no brokerage be paid to anyone interested in the business of warehousing or merchandising sugar or any business or interest affiliated with that of the customer, we advise that we have adopted such recommendation as our policy. Stop. Under the circumstances we will not be able to pay you brokerage on any new sales made through you as broker to any company with which you are affiliated.

C. H. WHITE, Jr.

(American files.)

2761 *Government Exhibits 391-CC, 391-DD*

Exhibits 391-CC and 391-DD (filed with the Clerk of the Supreme Court in lieu of printing) are telegrams from American to the Akron Grocery Co., Akron, Ohio, and The Berden Company, Toledo, Ohio, dated May 2, 1929, identical with Exhibit 391-Y, except as to the warehouses disqualified.

2762 *Government Exhibit 391-EE*

[Telegram]

FT. WAYNE, IND.—4:105 p.

FRANKLIN SUGAR REFINING CO.,
Philadelphia, Penna.:

Ningor I cannot give up my warehouse will have to resign as sugar broker.

M. W. FAY.

(American files.)

2763 *Government Exhibit 391–FF and 391–GG*

[Telegram]

ATLANTA, GA., *May 3, 1929—2:07 p. m.*

C. H. WHITE, Jr.,
117 Wall St., New York, N. Y.:

We desire continue brokerage representation. However, Institute ruling *severe blow* not only to us but to company since will be *difficult locate suitable warehouse Atlanta.* Stop. As you know, we are ideally located here in the terminal building amongst the majority of Atlanta jobbers and have only made one storage charge of
2764 three cents per bag whereas public warehouses charge higher storage and on monthly basis. Stop. Sincerely hope this recommendation will be withdrawn so that our relations with trade will not be interrupted.

C. L. CRABB.

(American files.)

2765 *Government Exhibit 391–HH and 391–II*

[Telegram]

ALBANY, GA., *May 3, 1929—2:46 p. m.*

C. H. WHITE, Jr.,
The American Sugar Refining Company,
117 Wall St., New York, N. Y.:

Kingdom there being no public warehouse here we thought necessity provided facilities for handling consignments and while this unexpected withdrawal of consigned stocks will *leave us with expensive obligation* it will be our purpose to work with you as outlined your telegram. Stop. If consignments carried in public storage elsewhere we hope you will reconsider and carry stocks with
2766 us in view there being *no public storage here* and to help us offset expense of storage provided for this particular purpose.

J. E. TOMLIN & COMPANY.

(American files.)

2767 *Government Exhibit 391–JJ*

[Telegram]

NEW YORK, *May 6th, 1929.*

TAMPA BROKERAGE CO.,
1201 Twiggs St., Tampa, Fla.:

We must have immediate wire from you electing to be broker exclusively or warehouseman exclusively.

C. H. WHITE, Jr.

(American files.)

2768 *Government Exhibit 391–MM*

[Copy of wire received at Baltimore sales office from the Tampa Brokerage Company]

Mr. White's wire not exactly clear to us. Stop. As you know how we are situated as regards warehouse please advise how this ruling will affect us.

(American files.)

2769 *Government Exhibit 391–NN*

[Telegram]

NEW YORK, *May 3rd, 1929.*

TAMPA BROKERAGE CO.,
1201 Twiggs St., Tampa, Florida:

Referring your wire *our wire specifically stated you would be required to elect whether you will be broker or warehouseman.* Stop. You cannot act as our broker and warehouseman at same time. Stop. If you continue as our broker, will be necessary store stock some other warehouse. We must have immediate word as to your election.

C. H. WHITE, Jr.

(American files.)

2770 *Government Exhibit 391–OO*

[Telegram]

NEW YORK, *May 6th, 1929.*

To be sent to each of the following:

Mr. H. F. BARKERDING,
148 East Bay St., Charleston, S. C.
Mr. CHAS. SYER,
% Chas. Syer & Co., Norfolk, Va.:

With reference to your wire advising us that you elect to be a broker and that your *subbrokers* elect to be warehousemen we desire to advise you that this arrangement cannot be recognized. Under the recent ruling of the Institute in whatever capacity you elect to represent us your subbrokers must also represent us in the same capacity. Please advise us immediately whether you and your subbrokers elect to be brokers or warehousemen as this information must be submitted to the Institute by three o'clock this afternoon.

C. H. WHITE, Jr.

(American files.)

2771 *Government Exhibit 391-PP*

[Telegram]

CHARLESTON, S. CAR., *May 4, 1929—10:08 A. M.*

C. H. WHITE, Jr.,
Care Amn. Sugar Refg. Co., New York, N. Y.:

Answering telegram I desire to continue *as broker.* Stop. My subbrokers will continue as warehousemen.

H. F. BARKERDING.

(American files.)

2772 *Government Exhibit 391-QQ*

[Telegram]

ASHEVILLE, N. CAR., *May 3, 1929—10:20 A. M.*

C. H. WHITE, Jr.,
Care Amn. Sugar Refining Co., New York, N. Y.:

Replying we are your representatives not merchants or speculators in sugar. We understand you continuing relations carrying stock as formerly. We are not professional sugar handlers but handle direct from you to jobbers you outline. Stop. If we have misunderstood your message advise further. Wish to be clear in understanding.

NED WHEELER BROKGE CO.

(American files.)

2773 *Government Exhibit 391-RR*

[Telegram]

NEW YORK, *May 3rd, 1929.*

NED WHEELER BROKERAGE CO.,
Asheville, N. C.:

Referring your wire, our wire specifically stated your would be required to elect whether you will be broker or warehouseman. Stop. You cannot act as our broker and warehouseman at same time. Stop. If you continue as our broker will be necessary store stock some other warehouse. We must have immediate word as to your election.

C. H. WHITE, Jr.

(American files.)

2774 *Government Exhibit 391–SS*

[Telegram]

NEW YORK, *May 4, 1929.*

DANIEL W. SALE CO., INC.,
Lynchburg, Va.:

Referring your wire answering ours May second, you must elect to be a broker or warehouseman. Please wire us immediately.

FRANKLIN SUGAR REFINING CO.

(American files.)

2775 *Government Exhibit 391–TT*

Exhibit 391–TT (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from Pennsylvania to its brokers, dated May 2, 1929, identical with Exhibit 391.

2776 *Government Exhibit 391–UU*

Exhibit 391–UU (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Penna., dated May 3, 1929, identical with Exhibit 391–B.

2777 *Government Exhibit 391–VV*

[Telegram]

MAY 4, 1929.

Please send to those listed below:

Referring to our telegram of May second, to which we have as yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as broker exclusively or as merchant exclusively or as warehouseman exclusively has been notified to us and satisfactorily established. Stop. Your definite answer must be in our hands Monday morning at latest.

PENNSYLVANIA SUGAR COMPANY.

Bailey & Co., Atlas Bldg., Columbus, Ohio.
F. B. Townsend Brok. Co., Union Trust Bldg., Harrisburg, Pa.
A. C. Bradley, Miller & Blaine Aves., Indianapolis, Ind.
Fist Brokerage Co., 100 N. 7th St., Minneapolis, Minn.
W. J. Willert, 924 W. 8th St., Erie, Penna.
Edgar's Sugar House, 1924 Lafayette Blvd., Detroit, Mich.
(Pennsylvania files.)

2778 *Government Exhibit 391–WW*

Exhibit 391–WW (filed with the Clerk of the Supreme Court in lieu of printing) is an announcement by Arbuckle to its brokers, dated May 3, 1929, identical with Exhibit 391.

2779 *Government Exhibit 391–XX*

Exhibit 391–XX (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from Oxnard of Savannah to Pardonner of Savannah instructing him to send telegram to all brokers, dated May 2, 1929, identical with Exhibit 391.

2780 *Government Exhibit 391–YY*

J. W. MAYO & Co.,
Ashland, Ky., May 3rd, 1929.

ARBUCKLE BROTHERS,
New York, N. Y.
(Attention Mr. Cody.)

GENTLEMEN: We had your night letter and we were unable to understand how it applied to us. We do not represent any other Sugar account, except we made offers on Arbuckles sugar second hand to Turner Brothers, New York, with your permissions.

As we wired you we will be much pleased to represent you exclusively on Sugar and at any time you want to carry consignment we are equipped to handle same for you.

With the writers very kindlest regards, we are,

Yours very truly,

J. W. MAYO AND CO.,
By J. W. MAYO.

(Arbuckle files.)

2781 *Government Exhibit 391–ZZ*

[Western Union]

ASHLAND, KY., *May 3, 1929—8:35 a. m.*

ARBUCKLE BROS.,
111 Wall St., N. YK.:

Lyrist glad work you as brokers or carry your sugars consignment. Represent no other sugar.

J. W. MAYO AND CO.,

(Arbuckle files.)

2782 *Government Exhibit 391–AAA*

MAY 6, 1929.

J. W. MAYO & COMPANY,
Ashland, Ky.

GENTLEMEN: Acknowledging your letter of April 3rd, we noted that your telegram was slightly amiss in answering the question we asked by telegram, but in the meantime we have mailed you the resolution adopted by The Sugar Institute, Inc. to which our question applied.

We are enclosing another copy of the resolution in case you did not receive the one we sent to you previously.

You will note that *this is not an Arbuckle matter but an Institute matter.* We simply asked if you acted solely in the capacity of a broker. You violated no rule in offering to buy or sell our brand of sugar at second-hand; that is strictly within the office of a broker.

As you undoubtedly know, some brokers are indirectly connected with merchandise organizations or operate warehouses of their own. In the future we will not pay brokerage to a broker who stores sugar in his own warehouse, nor who is directly or indirectly interested in a concern merchandising sugar. Therefore, if you wish us to pay you brokerage, we simply want you to state that you will act strictly in the capacity of a broker and as such, you will not become interested in the merchandising of sugar, nor will you store sugar in a warehouse that you own.

Yours very truly,

ARBUCKLE BROTHERS.

(Arbuckle files.)

2783 *Government Exhibit 391–BBB*

Exhibit 391–BBB (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Savannah, dated May 3, 1929, identical with Exhibit 391–B.

2784 *Government Exhibit 391–CCC*

MAY 3, 1929.

Mr. FRANK X. RAGAN,
Philadelphia, Pa.

DEAR SIR: We confirm our telegram sent to you yesterday, reading as follows:

"Referring to the Sugar Institute's recommendation that no brokerage be paid anyone interested in warehousing or merchandising sugar, and that no further sugar be stored in sugar brokers' or customers' warehouses, we advise that we have adopted such recommendation as our policy. Brokerage will be paid on sales through brokers out of stock now consigned to brokers' warehouses. Please

advise us by wire whether you and your affiliated interests desire to deal with us either as brokers or warehousemen or merchants. Any position taken with us must be consistent with that taken by you with any of our competitors."

For your information, we enclose copy of the Resolution adopted yesterday at a meeting of the Directors of The Sugar Institute, covering the subjects referred to above.

Yours very truly,

WM. O. STANTON,
Asst. Vice President.

(McCahan files.)

2785 *Government Exhibit 391–DDD*

MAY 4, 1929.

Mr. FRANK X. RAGAN,
Philadelphia, Pa.

DEAR SIRS: Referring to our wire of May 2nd, confirmed by our letter of May 3rd, we confirm our telegram of today, reading as follows:

"Referring to our telegram of May 2nd, to which we have as yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as broker exclusively, or as merchant exclusively, or as warehouseman exclusively, has been notified to us and satisfactorily established."

Will you kindly let this matter have your immediate attention?

Yours very truly,

THE W. J. MCCAHAN SUGAR REF. & MOL. CO.,
WM. O. STANTON, *Asst. Vice President.*

(McCahan files.)

2786 *Government Exhibit 391–EEE*

[Copy of telegram received by The W. J. McCahan Sugar Refining & Molasses Co. via Postal]

PHILADELPHIA, PA., *5/6/29, 9:00 a. m.*

From FRANK X. RAGAN,
Phila., Penna.:

Answering undersigned. Operating as broker exclusively. Not affiliated directly or indirectly with any merchants or warehousemen. Stop. Desires to continue same capacity.

(McCahan files.)

2787 *Government Exhibit 391–FFF*

[Western Union]

SAVANNAH, GA., *May 4th, 1929.*

INMAN BROKERAGE CO.,
Morristown, Tenn.:

Referring to our telegram of May second to which we have as yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as broker exclusively, or as merchant exclusively, or as warehouseman exclusively has been notified to us and satisfactorily established.

SAVH. SUGAR REFINING CORP.

(Savannah files.)

2788 *Government Exhibit 391–HHH*

Exhibit 391–HHH (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to McCahan, dated May 7, 1929, identical with Exhibit 391–G.

2789 *Government Exhibit 391–III*

MAY 6, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

DEAR SIRS: Referring to your wire of May 3rd (of which receipt was acknowledged by confirmation copy No. R–5436 enclosed with our letter of May 4th) we now enclose confirmation copy No. S–1648 of our wired reply of today.

We enclose copy of our circular letter of May 3rd, addressed to all of our brokers. In accordance with our wire of today, we also enclose copies of replies received from the following:

Lamborn & Company, Inc., Philadelphia, Pa.
Minford, Lueder & Co., Philadelphia, Pa.
Turner Brothers, Philadelphia, Pa.
Jos. W. Elliott & Co., Philadelphia, Pa.
Wm. S. Martin, Inc., Philadelphia, Pa.
Charles Wallace & Co., Philadelphia, Pa.
George R. Camp, Philadelphia, Pa.
I. H. Nester & Co., Philadelphia, Pa.
Donald Demmy, Philadelphia, Pa.
Frank X. Ragan, Philadelphia, Pa.
David S. Ludlum, Philadelphia, Pa.
J. H. Huston Company, Philadelphia, Pa.
T. J. Maguire, Philadelphia, Pa.
Warren S. Zeller, Philadelphia, Pa.
Stribling Brokerage Co., Philadelphia, Pa.
H. S. Rorer & Son, Philadelphia, Pa.
E. R. Cerad & Company, Philadelphia, Pa.

Lowry & Company, Inc., New York, N. Y.
Turner Brothers, New York, N. Y.
George E. Keiser & Co., New York, N. Y.
Harry R. Gordon Co., New York, N. Y.
Axtell Company, New York, N. Y.
2790 Victor E. Perley, New York, N. Y.
Kenneth L. Fox & Company, Chicago, Ill.
Mr. George E. Keiser, Milwaukee, Wis.
Lampe Brothers, Cincinnati, Ohio.
Cleveland Mercantile Co., Cleveland, Ohio.
Vincent & Surrency, Jacksonville, Fla.
Jas. Cummins & Company, Wheeling, W. Va.
Frank R. Parks & Brother, Lexington, Ky.
Albergotti Bros. & Co., Roanoke, Va.
Taylor Brokerage Co., Lynchburg, Va.
C. C. Waddill Co., Inc., Norfolk, Va.

We remain in wait of your advices as to whether or not the Enforcement Committee considers the above replies as satisfactory.

As stated in our wire of today, we have not received a reply from The Tri-State Brokerage Company, Fort Wayne, Indiana.

Yours very truly,

THE W. J. MCCAHAN SUGAR REF. & MOL. CO.,
LOUIS V. PLACE, JR., *Vice President.*

(McCahan files.)

2791 *Government Exhibit 391–JJJ*

[Western Union]

TAMPA, FLA., *May 3, 1929.*

GODCHAUX SUGARS, INC.,
Masonic Bldg.:

Answering when basis can you deal with us as merchants, as brokers, and as warehousemen question. It is natural we prefer dealing on the basis which give us the greatest revenue and it is manifest we can handle only on a plan that compensates for service rendered.

PENINSULAR BROKERAGE CO.

(Godchaux files.)

2792 *Government Exhibit 391–KKK*

[Western Union]

TAMPA, FLA., *May 4, 1929.*

GODCHAUX SUGARS, INC.:

We appreciate your difficulty in replying to our telegram of yesterday but if there is any chance for you to give us an idea of what you can do we would like to have an expression today. Wire reply.

PENINSULAR BROKERAGE CO.

(Godchaux files.)

2793 *Government Exhibit 391–LLL*

[Western Union]

MAY 4, 1929.

PENINSULAR BROKERAGE CO.,
Tampa, Fla.:

We can only handle if you will elect to act as broker, and trust you will so decide. Stop. A wire today will be appreciated.

GODCHAUX SUGARS, INC.

(Godchaux files.)

2794 *Government Exhibit 391–MMM*

[Western Union]

TAMPA, FLO., *May 4, 1929.*

GODCHAUX SUGARS, INC.,
Masonic Temple Bldg.:

We interpret your telegram as one leading us to a commitment which we do not care to make. Stop. We prefer to deal with you on basis of our mutual interest and feel you can make us a better proposition. Stop. In consideration of *contract* you made with us *last year* we negotiated *long-term lease on new warehousing* facilities which must be considered. Please have Mister Bertoniere telephone us.

PENINSULAR BROKERAGE CO.

(Godchaux files.)

2795 *Government Exhibit 391–NNN*

[Postal Telegraph]

SAN FRANCISCO, *May 8, 1929.*

SEAVEY & FLARSHEIM BROK. CO.,
Kansas City, Mo.

In order to avoid irregularities and discrimination through use of warehouse facilities of subbrokers in southern territory, effective immediately, we will store no further sugar in brokers' or customers' warehouse. Stop. Where such storage stocks now exist, sugar will be disposed of as originally contemplated, with usual payment of brokerage. Stop. Please determine at once if subbrokers affected will continue to represent us as brokers in conformity with above or arrange to have their status fixed as either warehouseman or dealer. Stop. Any position taken with us must be consistent with that taken by them with any of our competitors.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORP'N.

(C. & H. files.)

2796 *Government Exhibit 391–OOO*

[Telegram]

SEAVEY & FLARSHEIM BROKERAGE CO.,
Kansas City, Mo., May 9, 1929.

SEAVEY & FLARSHEIM BROKERAGE CO.,
New Orleans, Louisiana:

Refinery wires quote: In order to avoid irregularities and discrimination through use of warehouse facilities of subbrokers in southern territory, effective immediately we will store no further sugar in brokers' or customers' warehouse. Stop. Where such storage stocks now exist, sugar will be disposed of as originally contemplated, with usual payment of brokerage. Stop. Please determine at once if subbrokers affected will continue to represent us as brokers in conformity with above or arrange to have their status fixed as either warehouseman or dealer. Stop. Any position taken with us must be consistent with that taken by them with any of our competitors unquote. Notify all your brokers accordingly. Letter will do.

SEAVEY & FLARSHEIM BROKERAGE CO.

(C. & H. files.)

2797 *Government Exhibit 391–PPP*

[Telegram]

NEW YORK, N. Y., *May 8, 1929—3:57 p.*

TEXAS SUGAR REFG. CORPN.,
Texas City, Tex.:

Enforcement committee would like to report to executive committee tomorrow afternoon list of brokers who have elected to be brokers exclusively. Such election being satisfactory to you, hope to receive this list by night letter.

THE SUGAR ISTITUTE.

3:27 p. m.
(Texas files.)

2798 *Government Exhibit 391–QQQ*

W. W. LEFEW'S SONS,
Richmond, Va., May 9, 1929.

AMERICAN SUGAR REFG. CO.,
117 Wall St., New York, N. Y.
(Attention Mr. Chas. H. White, Jr.)

GENTLEMEN: In answer to your wires of May 2nd and 4th, announcing that you had adopted the Sugar Institute's Recommendations contained in Resolutions adopted by them in meeting of May 2nd, we wired you as follows:

"Replying we elect to serve as brokers."

We take it that the purpose of these Resolutions is to eliminate concessions by brokers from either brokerage or storage, or both, and to prevent brokers acting as Sugar Merchants through collusion with customers, all of which results in discrimination between purchasers of Sugar.

We are firmly in accord with the purpose of the Sugar Institute's Resolutions, but *in justice to ourselves and the large number of equally ethical brokers* throughout this country, we weel impelled to register our protest against the Sugar Institute's method of application.

These Resolutions not only withdraw sugar stocks without notice from broker's warehouses, leased primarily to render service at a minimum cost to the refineries and their customers, thereby causing monetary loss to such brokers, but also casts serious reflection upon the integrity and ethics of all brokers.

In our humble opinion, the adoption of the Sugar Institute's Resolutions will not and cannot prevent a broker so disposed from splitting brokerage with customers, nor from continuing to act in collusion with customers and obtaining sugar as a Merchant, on which he also secures brokerage.

2799 We submit that the payment by a broker of any of his brokerage or storage to a customer is a secret rebate, which is prohibited by Rule 1 in Group 1 adopted by the Grocery Trade Practice Conference, which rule reads as follows:

"Secret rebates or secret concessions or secret allowances of any kind are unfair methods of business."

In connection with the Grocery Trade Practice Rules, we respectfully refer you to the Federal Trade Commission's letter dated Oct. 18, 1928, as follows:

"Group 1 rules are those which the commission affirmatively approves, thereby declaring, in effect, that all parties engaging in the practices condemned thereby, are using unfair methods of competition within the meaning of the Federal Trade Commission Act, and are subject to be proceeded against by the Commission."

In view of the above we further submit that the Sugar Institute had already been supplied with a remedy far more adequate and effective, and certainly more equitable, for the prevention of the Practices complained of, than that provided in the Institute's Resolutions.

Again, in our opinion, each refinery, individually, could and should dismiss any broker who was guilty of practices condemned by the Resolutions.

That no injustice may be done to your reputable and ethical representatives, we appeal to you as a member of the Sugar Institute to ask for reconsideration of these Resolutions, and that others be adopted equally as strong in their condemnation of the practices complained of, but more equitable in their application.

Respectfully,

W. W. Lefew's Sons,
By W. L. Lefew.

(American files.)

2800 *Government Exhibit 391–RRR*

MAY 13, 1929.

Mr. W. L. LEFEW,
W. W. Lefew's Sons,
So. 14th St. & James River, Richmond, Virginia.

DEAR WALTER: We have your letter of May 9th with reference to the recent resolutions adopted by the members of The Sugar Institute, Inc., and take pleasure in advising that *your protest has been added to those already received.* However, we do not believe that there will be any change made in the present set-up.

It is very unfortunate and we deeply regret the fact that this *ruling has worked hardships on some of our brokers.* However, the action taken was necessary in order to clean up some evils in the business.

With best wishes.

Sincerely yours,

General Sales Manager.

(American files.)

2801 *Government Exhibit 391–SSS*

[Telegram]

MAY 9, 1929.

T. S. SOUTHGATE & Co.,
Norfolk, Va.:

Recently mailed you copy resolution adopted by board directors Sugar Institute recommending that members pay no commissions to brokers who directly or through affiliated interests are in any way connected with storage of sugar stop. We have adopted the letter and spirit of this resolution as our policy stop. Having firmly applied this policy to biggest houses in the country we could not consistently or conscientiously make the slightest exception in your case. Therefore regret we can confirm no offers until you elect a capacity consistent with your election with our competitors of a capacity in which you will serve them.

ARBUCKLE BROTHERS.

(Arbuckle files.)

2802 *Government Exhibit 391–TTT*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York.

To All Members of Enforcement Committee:

GENTLEMEN: Please note the following exchange of telegrams:

To The Sugar Institute, Inc., from Savannah Sugar Ref'g Corp., dated May 16, 1929:

"Will you please telegraph me whether *Hershey* has agreed to discontinue storing in brokers' warehouses and discontinued shipping sugars on consignment to brokers?"

To The Sugar Institute, Inc., from Savannah Sugar Ref'g Corp., dated May 17, 1929:

"Very necessary have immediate reply our telegram yesterday regarding Hershey, otherwise it may be necessary for us to backpedal in position already concurred in by us. Apparently impossible wait until meeting twenty-ninth."

To Savannah Sugar Ref'g Corp. from The Sugar Institute, Inc., dated May 17, 1929:

"Proposition recently put up to Hershey is receiving their earnest consideration. Have had *two long interviews with Pike and hope for early and favorable result.* Meanwhile, as trades requirements are fully booked for thirty days, do not understand pressing necessity for action. If you will explain fully how you are losing business by a few days' delay and can specify instances, I may be able to use this information to get earlier decision. Please write fully. It is, of course, inconceivable that after having *forced election* on the trade involving in many cases considerable pecuniary loss in disposing of warehouse or merchandising business that there should be any backpedaling without the most disastrous results. Our legal position now believed to be sound; but if any deliberate nonenforcement could be proved in any one instance, it would become wholly indefensible."

To the Sugar Institute, Inc., from Savannah Sugar Ref'g Corp., dated May 17, 1929:

"Your telegram concerning Hershey. Are being placed at a serious disadvantage through our inability to replenish brokers' stocks while they can. This more especially since trade who booked on turn last week complaining that they were misled in that they can withdraw Hershey sugar from brokers' stocks while must take ours direct or less carload shipments. We have definite advices Hershey sub-
brokers going around telling trade they are going continue
2803 retain brokers' stocks, that *Hershey is not member of Institute, and will look out for interest small jobber or broker.* Whether or not this is official attitude of Pike and Company, their agents give this impression to trade, and the effect is to make them feel that Institute members trying to make it hard for small jobber and broker while Hershey stands up for them. To New York members Hershey may seem minor factor, but your records will show that Hershey is as much of a factor in the Southeast as C. and H. is in Middle West. Situation further complicated by fact that many Southern Cities have no public warehouses and we have persuaded several our brokers not to elect being warehousemen, as we were given *understand recommendation Southern Consignment Committee would be adopted shortly and most consignment points eliminated* and we did not wish mislead our brokers. Now, with refusal Colonial

accept Committee recommendation, it may be July Meeting before consignments cut out. To meet competition we may be forced to turn brokers into warehousemen temporarily and turn them back into brokers when consignments eliminated. In meantime Hershey is filling up their brokers' consignments while trying to make up their mind. Regard situation as acute and will appreciate reply not later than Monday."

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

2804 *Government Exhibit 39—UUU*

[Telegram]

SAVANNAH, GA., *May 17, 1929.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

Referring *American complaint* Rome, Georgia, we have positively accepted no specifications for cars to be shipped brokers since May second when ruling was passed. We, however, have shipped orders which were on hand as of that date. Stop. Owing to the fact that our plant has been shut down since April twenty-seventh we have been loading only during day and not at all on Saturday and Sunday. This has slowed down our car loadings and of necessity some cars to brokers actually left plant later than May second. Cars to Rome, Georgia, were in that category.

PARDONNER.

5:00 p. m.
(Savannah files.)

2805 *Government Exhibit 391–VVV*

[Telegram]

NEW YORK, *July 9, 1929.*

CLEVELAND MERCANTILE CO.,
2000 W. 14th St., Cleveland, Ohio:

The Sugar Institute has ruled that in view of your affiliations with a purchaser of sugar we cannot recognize you as a broker. Stop. In view of this we regret to advise you that effective immediately we cannot accept any further business through you and pay brokerage.

C. H. WHITE, Jr.

(American files.)

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